

ANNUAL REPORT OF THE ADMINISTRATORS
according to Law no. 24/2017 and the ASF regulation no. 5/2018
on issuers of financial instruments and market operations
for the financial year ended 31.12.2020

Name of the issuing entity: S.C. TURISM FELIX S.A.

Headquarter: Victoria Street no. 22, Băile Felix, Sânmartin Commune, Bihor county, 417500

Phone number/fax: 0259-318338 / 0259-318297

Unique Registration Code at the Trade Registry Office: RO 108526

Trade Register registration Number: J05/132/1991

LEI Code (Legal Entity Identifier): 254900YRWU6MYZS4BB14

Subscribed and paid capital: 49.614.945,60 RON

The regulated market on which the issued transferable securities are traded: BURSA DE VALORI BUCUREȘTI S.A.

Thcommon dematerialized shares from a single class with a nominal value of 0,10 lei/share in a total number of 496.149.456 share, invisible, with equal voting rights, freely transferable at Bursa de Valori București (Bucharest stock market) under the symbol TUFE.

Reporting currency: Romanian Leu (RON)- all the presented sums are in RON, if not otherwise shown

CHAP. 1. GENERAL PRESENTATION

1.1. THE FULFILMENT OF THE LEGAL FUNCTIONING CONDITIONS

S.C. Turism Felix S.A. is registered at the Trade Register Office under the number J05/132/1991, having as unique registration code RO 108526.

It functions as a joint-stock company according to the Law no. 31/1990 republished, including subsequent amendments and additions, having as basic activity balneary treatment, public food service and leisure activities, internal and international tourism, exploitation of thermo-mineral water sources, and their distribution. The activity field stipulated at art. 5 from the Act of Incorporation of the company and according to NACE classification the main activity is Hotels and other similar accommodation facilities – NACE code 5510.

S.C. Turism Felix S.A. has been initially founded in 15.10.1990, on the structure of the former Hotels and Restaurants Complex (HRC), functioning as a joint-stock company according to the Law 31/1990 republished and the Government Decision 1041/1990, with unlimited functioning duration.

It is a publicly owned company, in conformity with the terminology provided in the Law 297/2004 regarding the capital market, being registered at the National Securities Commission in

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFE". The inventory of the shareholders and shares held by them is kept by the Central Depository according to the provisions of Law 297/2004 and of the contract no.7778/01.03.2007. On 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori BFrom the point of view of the financial situations' drafting the company applies the Order 2844/2016 issued by the Ministry of Public Finances for the approval of the accounting Regulations which are in conformity with the International Standards of Financial Reporting, applicable to merchant company whose securities are admitted to trading on regulated market.

The audit activity of the financial situations drafted for the year 2019 has been realized by S.C. Leocont Expert S.R.L. based on the contract no.8 from 28.08.2014 Annex 1/2017. During the financial year 2020 there have been no events of merging and reorganization of the merchant company.

1.2. THE MANAGEMENT OF THE COMPANY

Starting with 03.10.2020 according to the Ordinary General Assembly of Shareholders no. 4 from 03.10.2020, the company is managed by a Managing Board formed of five members with mandate of 2 years until 02.10.2022, as it follows:

- ec. Moldovan Marius-Adrian – President
- dr. ec. Petria Nicolae – Vice-president
- dr. ec. Tudor Ciurezu – Member
- ec. Petrea Radu Cătălin – Member
- eng. Susan Mihaela – Member

Until 03.10.2020 the company has been administered by a a Managing Board formed of three members appointed as based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016, as it follows:

- dr. ec. Mihai Fercală – President
- dr. ec. Tudor Ciurezu – Member
- ec. Cotrău Gheorghe – Member

The Managing board has monitored the operational and financial performances of the executive management through performance indicators and criteria established in the Income and expenses budget and of other approved programs.

In 2020 a constant preoccupation of the managing Board was the optimization of the decisive process at the level of the executive management and the improvement of communication in order to apply measures and decisions of the Managing Board with increasing promptness and efficacy in order to maximize the results obtained in the developed activity and to minimize the negative effects of the market in which the company develops its activity.

The executive management of the company was assured by a managerial team, team that at the end of 2020 had the following membership:

- ec. Florian Serac – Managing Director
- ec. Popa Marcel – Chief Accountant,
- ec. Hepeş Rodica Melania – Sales Manager,
- dr. Farcaş Daniela Cristina – Medical director.

The Managing Board has followed the realization of the activity program proposed for 2020, the execution of the Income and Expenses monthly and quarterly budget and of the approved investments and reparations program.

In 2020, the Managing Board has met monthly in board meeting and has issued 56 measures and 13 decisions regarding the administration of the company. The measures and decisions taken have concerned all the activities developed in the company, respectively the accommodation activity, public food service and treatment, production and commercial, investing and reparation activity, human resources, economical-financial activity and internal audit and control. All the efforts of the Managing Board and of the executive management have been oriented towards the fulfilment of the company's mission to assure quality services, with the help of qualified personnel. In addition, the priority objective is to develop

the technical-material basis, the rehabilitation and modernization of the existing one, through a coherent and consequent investment program, in the conditions of a real protection of the environment.

The forecast and organization effort of the Managing Board has been fulfilled in future development programs of the company, marketing programs, computerization programs, programs of promoting and recruitment of the personnel and growth of the tourist product's quality, systems of procedures for the company's main activities and the reconsideration of its organizational structure.

We mention that the company does not have any knowledge that the presented persons have been involved in litigation or administrative procedures in the last 5 years or to have had restrictions to hold management positions inside the company. There are no agreements, accords or family links between the members of the managing board and the members of the executive management.

1.3. SHARE CAPITAL AND THE STRUCTURE OF THE SHARE OWNERSHIP; SHARES

1.3.1 Share capital and the structure of the share ownership

The subscribed and paid capital on the 31.12.2020 is of 49.614.945,60 lei representing 496.149.456 shares at a face value of 0,10lei/share.

The consolidated synthetic structure of the share ownership on the 31.12.2020, comparing to that of 31.12.2019 is thus presented:

Shareholders		Number of shares	Percents
<i>TOTAL according to Central Depository on 31.12.2019, from which:</i>		496.149.456	100,00%
1.	S.I.F TRANSILVANIA	313.579.000	63,20%
2.	S.I.F OLTENIA	143.752.429	28,97%
3.	Other legal and natural persons	38.818.027	7,83%
<i>TOTAL according to Central Depository on 31.12.2020, from which:</i>		496.149.456	100,00%
1.	S.I.F TRANSILVANIA	313.208.036	63,13%
2.	S.I.F OLTENIA	143.752.429	28,97%
3.	Other legal and natural persons	39.188.991	7,90%

At the end of 2020, the administrators, the general director and the managing team held together a number of 2.793.942 shares (0,55 % from the share capital).

All the shares of the company are nominative, ordinary, dematerialized and indivisible.

The S.C. Turism Felix S.A. shares have been traded starting with 21 March 2007 on the Bucharest stock market Standard category. In the period 2004-2011, the company's policy was one of reinvestment of the obtained profit, the company needing capital resources to realize the investment objectives, dividends not being thus distributed.

According to Decision of the O.G.A.S no.2 from 03.04.2020, the company has given a gross dividend/share worth 0,0101 lei, representing the division in proportion of 35,61% of the net profit realized in 2019.

Through the Decision of the E.G.A.S no.1 from 18.11.2019 it has been approved to carry out a program to repurchase by the company its own shares, in accordance with the applicable legal provisions, under the following conditions:

I. The Dimensioning of the program- maximum 4.961.494 shares with a minimal value of 0,10lei/ share, representing 1,00% from the share capital;

II. The acquisition price of the shares: the minimum price will be equal to the market price of the shares of the company on the Bucharest Stock Exchange from the moment of the purchase, and the maximum price will be 0.40 lei / share;

III. Duration of the program: the maximum period of 9 months from the publication of the E.G.A.S decision in the Official Journal of Romania, part IV;

IV. Payment of repurchased shares - from available reserves (except legal reserves) written in the last approved annual financial statements;

The purpose of the program - to distribute the shares repurchased for free, to the managers, directors and employees of the company, in order to make their activity more efficient and loyal, within a program "Stock Options Plan".

Through the EGAS decision no. 3 of 03.10.2020 the changing of the aims of the repurchase programme approve by EGAS from 18.11.2019 was approved, from the "distribution of the repurchased shares, free of charge, to the administrators, directors and employees of the company, in order to increase the efficiency and fidelity of their actions, in a Stock Option Plan programme", in "cancelling the shares that will be acquired by the company, followed by the corresponding reduction of the share capital".

On the date of reporting a number of 4.842.747 shares were repurchased, of a total value of 1.978.887 lei, the procedure for their cancellation following to be started.

Other information concerning the financial assets are found in the Notes to the financial situations.

The company did not issue bonds or other debentures in 2020, neither before this year, so that it doesn't have any type of obligations towards the holders of such securities.

1.3.1 COVID Events

The crisis created by the coronavirus is a major shock for the European and global economy, being a threat for the European economy and the citizens' standard of living. Member states have adopted budget, political and liquidity insurance measures, in order to enhance the capacity of their health systems and in order to offer help to people and departments that were heavily affected.

The economical impact of the crisis created by the coronavirus varies from one industrial sector to the other and from a company to other, one of the most affected being tourism, especially through the traffic and travel restrictions.

During the year 2020 the activity of the company was drastically affected by the onset and spread of the sanitary and economical crisis caused by the new COVID-19 virus. The hospitality sector was heavily affected by the resulted economical crisis, the onset of the pandemic being an event which had a significant impact on the activity of the company as a result of the establishment of the state of emergency and alert at national level which led to the imposition of some restrictive measures for the tourism activity.

The company has totally interrupted its basic activity based on the decisions issued by the relevant public authorities according to the law, in the period 16.03 – 16.06.2020, partially resuming its activity until 30.06.2020. Starting with 01.07.2020 the company opened its entire basic activity excepting the restaurant and bar units, these restricted even at the moment. We mention that the society hold a Certificate for a state of emergency – type 1 (blue).

One of the measures taken by the Government that have helped hotel industry was to sustain technical unemployment and other form of financial sustainment for the employees, as well as other aid schemes to defer the payment of taxes to the state budget.

The impact of the pandemic on the hospitality industry is a dramatical one, the company keeping only a minimum number of personnel to ensure the protection and maintenance services of assets, as well as of the operative functions. Given the shortage of personnel specific for the touristic domain, the company has pursued a policy of retaining basic staff, most of the staff benefiting from technical unemployment of 75% or other facilities related to staff.

The management also had and continues to consider measures on financial flows in a way that aims to reduce financial exposure and maintain the financial stability of the company, in order to ensure the conditions for overcoming difficult periods and ensuring business continuity.

The company faces both the specific risks arising from its current operation and the indirect risks that arise as a result of the activity of tourism companies and the domestic situation in general. The company has constantly pursued the classification of all specific risks at the medium level. The company's main risks (environmental risk, operational risk, market risk, credit risk and liquidity risk) are monitored, assessed and managed so that exposure mitigation measures can be prioritized and established in accordance with tolerance limits. at risk established by existing procedures.

Despite all government efforts to protect its citizens and mitigate the extremely serious negative socioeconomic consequences of the pandemic, the economic environment could suffer a further collapse if the coronavirus pandemic (COVID-19) is not significantly reduced, isolation measures are reintroduced, or trade tensions rise again as the number of infected people increases. For the next period, although there is a prospect of improvement, there are still signs of risks and uncertainties that could affect the smooth running of the company's business. The Company's management is aware that these developments may influence future activity, which implies a permanent monitoring of the evolution of events and the search for the best measures to ensure business continuity.

1.3.2 The declaration regarding the corporate governance code

S.C. Turism Felix S.A. has the shares listed at BVB Bucharest. As a result, the Company applies all the legal provisions regarding corporate governance, Law 31/1990 updated, OMPF 2844/2016 for the approval of the accounting Regulations conform to the International Standards or Accounting reporting, the NSC Regulation no.5/2018 regarding reporting, BVB regulations etc. All these documents are public. The company went for the implementation of the corporate governance code, the last public informing regarding the stage of the application of the code being presented and updated on 31.12.2020 as annex to the present report.

The Managing Board will analyse and decide upon the conditions and influences in the company's strategy regarding the accession to corporate governance.

The management of S.C. Turism Felix S.A. considers that there are no situations in which the company has moved away from the corporate governance code that applies to it.

The company leads the accounting in conformity with the legislation in force and has an integrated information system that stocks all the transactions. There are especially appointed and qualified persons who have the responsibility to elaborate financial reports by respecting the legal accounting policy adopted by the company. The financial reports are checked and approved by the Chief Accountant, the General Director and where it is the case, by the Managing Board. The company has a contract with an authorized financial auditor, in conformity with the legal requirements. It checks the financial reports in all the situations stipulated by the legislation in force.

The General Assembly has the attributions stipulated by the Law 31/1990 with the related amendments and by the company's articles of incorporation in force when the general assembly is held.

In its activity and in its reports towards the surveillance institutions of the regulated market, S.C. Turism Felix S.A. does not move away from the corporate governance code.

Inside the company there is an implemented internal control system, working procedures being established for the main activities. The attributions that the internal control exercises in the company, without limiting nevertheless to them, are:

- the examination of legality, regularity and conformity of operations, identification of errors, waste, faulty and fraudulent administrations and on these bases, the proposal of measures and solution to recover damages and to sanction the guilty, as the case;

- the surveillance of the decision foundation systems' functioning , planning, programming, organization, coordination, following and control of decision fulfilment;

- the evaluation of the efficiency and effectiveness with which managing and execution systems existent at the company's level use financial, human and material resources to realize the objectives and obtain the established results;

- the identification of the management and control systems' weak points, as well as of the risks associated to such systems, of some programs/projects or some operations and proposal of measures to correct them and to decrease risks .

The internal control is assured at all levels, an office of internal financial control being organized inside the company.

The internal audit activity is externalized, in this sense being signed a contract with S.C.Associated Business Auditors S.R.L. Timișoara. The internal audit is directly subordinated to the general director.

1.3.3 The non-financial declaration

In conformity with the stipulations of the OPFM no. 1938 from 17 August 2006 regarding the modification and completion of some accounting regulations, the public interest entities which, on the balance's date, overpass the criteria of having an average number of 500 employees during the financial year include in the managers report a non-financial declaration which contains, as they are necessary in order to understand the development, performance and position of the entity and the impact of its activity, information concerning at least issues regarding environment, social and personnel issues, respectively human rights, preventing corruption and bribery (art I, point 2, letter 492¹, paragraph (1)) or drafts a separate report (art I, point 2, letter 492⁴, paragraph (1)).

SC Turism Felix SA has opted for the presentation of the non-financial declaration as a separate report of the manager.

CAP. 2. THE ANALYSIS OF THE MERCHANT COMPANY'S ACTIVITY

2.1. THE ANALYSIS OF THE MERCHANT COMPANY'S ACTIVITY

Considering the establishment of the state of emergency by the Decree of the President of Romania no. 195 / 16.03.2020, extended by Decree no. 240 / 14.04.2020, of the decisions regarding the alert status, as well as the restrictions decided by the competent state authorities for the management of the situation generated by COVID-19, both the elements

of operating revenues and those of operating expenses for 2020 registered a decrease.

The outbreak of the pandemic in March 2020 was the event with a significant impact on the company's activity. The company was completely suspended based on the decisions issued by the competent public authorities according to the law starting with March 16, 2020 and partially starting with July 15, which had a significant impact on economic activity and the results obtained in 2020.

As an effect of the Covid-19 virus pandemic, the declaration of a state of emergency at national level and prolonged by a state of alert, as well as restrictive measures for certain branches of activity in the economy, the reduction of activity and implicitly the volume of income the end of 2020 to a positive result, in the amount of 653,655 lei, resulting in a significant decrease in results compared to the same period of the previous year.

1.1 a) The description of the merchant company's basic activity;

S.C. TURISM FELIX S.A. has as object of activity the provision of hotel services, public food services and leisure activities, balneary treatment and recovery services, selling tourist packages through the Tour operators, retail sale of products in own units, services of re-distribution of thermal, electric energy, water and sewerage, exploitation of thermo-mineral water sources and their distribution based on the concession license etc.

b) The description of acquisitions and/or divestitures of assets;

In 2020 there has been realized an investment volume of 8.823.917 lei, concretized in the following works:

Location	Valoare
Internațional	675.382,01
Termal	182.093,03
Nufărul	95.230,09
Poienița	857.198,13
Mureș	955.617,03
Apollo lido	244.074,25
Felix lido	76.162,79
Venus lido	2.013.794,98
Administrative	91.995,02
Household group	223.884,80
Exterior networks	3.337.786,92
Other investment works	46.879,79
Other amenities	23.818

1. INTERNAȚIONAL COMPLEX : (planned value 729.000,00 lei, from which until 31.12.2020 were executed works worth 675.382.01 lei).
 - Modernisation of 55 bathrooms and replacement of bathtubs with shower tubs.
 - York Acquisition of 150 pieces of York fan coil units
 - Acquisition of facial machine, magnetodiaflux device and a massage bed in the treatment base
 - Purchase and installation of control system for SCP for domestic hot water preparation
 - Modernisation works on the exterior showers around the pools as well as finishes at the wellness and women's pool in the treatment base
 - A 35 cubic meter cold room was purchased and installed

2. TERMAL COMPLEX : (planned value 555.000,00 lei, from which until 31.12.2020 were executed works worth 182.093,05 lei).
 - Modernization of carpentry in the restaurant
 - Acquisition and installation on position of 2 pieces of domestic hot water storage vessels
 - Acquisition of two electrotherapy devices and an ultrasound device in the treatment base
 - Acquisition of 50 pcs. York fan coil units
 - Finishing modernization works were carried out at the entrance to the hotel
3. NUFĂRUL COMPLEX: (planned value 121.000,00 lei, from which until 31.12.2020 were executed works worth 95.230,09 lei).
 - Modernization works were carried out on the interior finishes in the apartments
 - A 15,77 cubic meter cold room was purchased and installed
4. POIENIȚA COMPLEX: (planned value 586.000,00 lei, from which until 31.12.2020 were executed works worth 857.198,13 lei).
 - Modernization works were carried out on the interior finishes in the restaurant kitchen
 - Kitchen equipment was purchased
5. MUREȘ COMPLEX: (planned value 574.000,00 lei, from which until 31.12.2020 were executed works worth 955.617,03 lei).
 - Modernization works were carried out on the interior finishes of rooms, bathrooms and halls on the seventh floor (including plumbing, heating, electrical)
 - TV system wiring upgrade
 - Modernization of the outdoor pool
 - Works were carried out to modernize the toilets for tourists on the ground floor
 - A 20 cubic meter cold room was purchased and installed
 - Modernisation works were carried out on the elongation basin from the treatment base
6. APOLLO LIDO: (planned value 25.000,00 lei, from which until 31.12.2020 were executed works worth 244.074,25 lei).
 - Closure work has been carried out on the day bar terrace
 - An air treatment plant was purchased and installed
 - Pool modernization works were carried out
 - An IMP re-circulation pump and a Wilo air conditioning re-circulation pump were purchased
 - Modernization works were carried out on the waterproofing of the Apollo II terrace
7. FELIX LIDO: (planned value 5.000,00 lei, from which until 31.12.2020 were executed works worth 76.162,79 lei).
 - A potato peeler and an ice cube machine were purchased
 - Acquisition of 5 water re-circulation pumps in the pools
8. VENUS 1 MAI LIDO: (planned value 50.000.000,00 lei, from which until 31.12.2020 were executed works worth 2.013.794,79 lei).

- Construction permit fees have been paid
- The design works for the restoration, modernization and maintenance works were carried out at Venus 1 May Leisure Complex

9. ADMINISTRATIVE OFFICE: (planned value 175.000,00 lei, from which until 31.12.2020 were executed works worth 91.995,02 lei).

- Arrangement works were carried out for the access road to Hotel Poienița and Hotel Mureș
- The magnetic ticket printing system has been modernized

10. HOUSEHOLD GROUP: (planned value 68.000,00 lei, from which until 31.12.2020 were executed works worth 223.884,80 lei).

- Two professional washing machines were purchased

11. WELLS, BOREHOLES AND THERMAL SUBSTATIONS : (planned value 95.000,00 lei, from which until 31.12.2020 were executed works worth 30.043,74 lei).

- Acquisition and fitting of a A 2000 kW heat exchanger in the TS1300
- Modernization works were carried out on the roofs of the TS1300 and Izvor 4012 buildings

12. EXTERIOR NETWORKS:(planned value 5.024.000,00 lei, from which until 31.12.2020 were executed works worth 3.337.786,92 lei).

- modernisation works on the network of primary heating agent.

13. DIVERSE AMENITIES: (planned value 100.000,00 lei, from which until 31.12.2020 were executed works worth 23.818,00 lei).

- A UPS stabilizer source was purchased at the server room and one at the International Hotel
- A video surveillance network was purchased and installed in Hotel Mureș

14. DIVERSE PROJECTING: (planned value 40.000,00 lei, from which until 31.12.2020 were executed works worth 16.836,05 lei).

- Execution of design project for rooms at Termal Hotel

c) The description of the main results of the company's activity's evaluation

1.1.1. Elements of general evaluation

Revenues for 2020 decreased as a result of the measures

Expenditure for 2020 decreased as a result of general economic and fiscal measures adopted by the government as well as specific measures to support the hotel industry:

- *staff support measures (support for technical unemployment for employees, granting days off to parents of minor children, etc.)*
- *facilities for deferring the payment of taxes and other tax obligations*

a) Net profit

Year	2019	2020
Values - lei	14.211.525	462.885

b) Turnover

Year	2019	2020
Values - lei	93.085.092	53.825.460

c) export

Year	2019	2020
Values - lei	0	0

d) costs

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Material expenses		
Expenses on raw material	78.192	22.553
Expenses on consumables	3.180.011	2.308.448
Expenses on inventory objects	2.296.743	261.627
Expenses on not stocked materials	109.073	48.812
Expenses on energy and water	8.910.457	6.538.191
Expenses on goods	11.407.513	6.894.751
Trade discounts received	-21.302	-17.367
Material expenses - total	25.960.687	16.057.016

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Expenses with third parties		
Expenses on maintenance and reparations	898.728	487.858
Expenses on rents	60.330	88.188
Expenses on insurance premiums	122.751	117.887
Expenses on the personnel's training	1.450	0
Expenses on collaborators	1.481.017	1.855.902
Expenses on commissions and honoraria	19.991	59.109
Expenses on protocol, advertising, publicity	355.637	276.198
Expenses on transport of goods and people	1.200	2.941
Expenses on travel, detachments and transfers	25.280	12.131
Postal expenses and telecommunication taxes	248.801	195.055
Expenses on assimilated banking services and similar	153.391	116.472
Other expenses on services - third parties	3.650.947	2.225.685
Expenses with third parties-total	7.019.523	5.437.425

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Taxes and fees		
Expenses on other taxes, fees	2.598.076	2.561.790
Taxes and fees - total	2.598.076	2.561.790

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Expenses on salaries		

Expenses on personnel salaries	32.470.912	26.607.359
Expenses on meal tickets given to employees	2.481.648	1.577.428
Expenses on insur. and social protection	40.450	27.014
Expenses regarding the working insuring contribution	763.919	529.875
Income from operating subsidies for staff payments	0	-6.309.152
Expenses on salaries – total	35.756.929	22.432.524

- lei

Indicators	Realized 31.dec.2019	Realized 31.dec.2020
Amortizations, adjustments, provisions		
Losses from receivables and sundry debtors	6.365	41.623
Other operating expenses	1.253.159	280.912
Operating expenses related to amortizations	6.162.918	6.552.004
Oper. expenses related to risks and expenses prov.	738.196	420.446
Income from provisions for risks and expenses	-359.274	-759.308
Oper. expenses regarding current assets adjustment	0	5.098
Income from adjustments for deprec. of current assets	0	-41.623
Amortizations, adjustments, provisions – total	7.801.363	6.499.151
Operating costs – total	79.136.579	52.987.906

e) held from the market

The company is an important element on this market.

The market share of S.C. Turism Felix S.A. in the balneary tourist activity from Romania in 2019 was of 7,88% (as number of tourists) , lower than the previous year when it was 8,25%.

In what concerns the overnights(tourist days), the company held in 2018 a share of 8,98%, increasing compared to the previous year when it was 7,99% on the local balneary tourism market.

The accommodation capacity held by the company represents 4.87% of the total existing accommodation capacity in Romania on the segment of balneary resorts / spas.

The market shares are calculated based on the available statistical data, supplied by the National Institute of Statistics through the statistical Summary – Romania's Tourism 2019, respectively 2018, that represents the statistical information for 2018-2019.

No statistical data for 2020 have been published by the date of the report.

f) liquidity (available in the account, etc.)

The available in cash and in the company's accounts on 31.12.2020 was 6.002.594 lei.

- lei

Cash and equivalents in cash	2019	2020
Accounts at banks in lei	13.438.747	2.962.612
Accounts at banks in foreign currency	2.867.040	2.917.459
Cash in "cash register"	10.881	91.747
Other equivalents in cash	58.145	30.776
Cash value and equivalents in cash on 31.dec.	16.374.813	6.002.594

1.1.2. Evaluation at the merchant company's technical level

The description of the main realized products and/or services offered by mentioning:

a) *the main outlet markets for each product or service and distribution methods*

The main outlet market of the basic tourist products have been:

- On the Romanian market: SC Transilvania Hotels & Travel SA București as main tour operator, SC Exim Tour SRL, SC Sejur Perfect SRL, SC Bibi Touring SRL, SC Accent Travel&Events SRL and SC Nova Travel SRL, balneary treatment addressed to the insured of the National House of Pensions Bihor and the National House of Health Insurances of Bihor county.

- On the external market towards countries such as Germania, Israel, Austria etc.
- On-line reservation of hotel services

We must mention the fact that the selling of the tourist products (other than the contracts with the National House of Public Pensions and with non-tourism companies) was mostly realized through SC Transilvania Hotels & Travel SA Bucharest, the tour operator travel agency that administered the accommodation places from the hotel units and public food services from the tourism portfolio of SIF Transilvania, from which SC Turism Felix SA. is part.

The outlet market to redistribute thermal energy and waste and thermo-mineral water are juridical and natural persons from Băile Felix, due to the fact that the existing heating installation and water networks are own, being thus a captive distributor. From the beneficiaries of these deliveries, the main are: SC CSDR Sind Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, Băile Felix Recovery Hospital.

b) *the share of each category of products or services in the revenues and total turnover of the company for the past two years;*

- lei

Indicators	Realized 31.dec.2019	%	Realized 31.dec.2020	%
Incomes from accommodation	32.203.335	34,45%	19.799.977	36,43%
Incomes from public food service	36.364.046	38,91%	19.934.026	36,67%
Incomes from treatment	8.185.559	8,76%	4.344.449	7,99%
Incomes from leisure activities	10.593.767	11,33%	6.283.514	11,56%
Incomes from rents	741.278	0,79%	545.992	1,00%
Other incomes related to the turnover	4.997.106	5,35%	2.917.500	5,37%
Turnover	93.085.092	99,59%	53.825.460	99,02%
Other Incomes from operation	380.397	0,41%	530.150	0,98%
Incomes from operation – total	93.465.489	100%	54.355.610	100%

*The incomes are decreased with the provisions for the risks and expenses that are adjusted based on the corresponding expenses accounts; these are reflected in the Account of profit and loss

c) *the new products taken into consideration from which it will affect a new volume of shares in the future financial year as well as the development stage of these products.*

Not the case

1.1.3. The evaluation of the technical-material supply activity (indigenous sources, import sources)

All the suppliers are ISO/HCCP certified or in course of certification. The accepted suppliers were evaluated based on ISO9001. All the supplied alimentary and material goods

are accompanied by quality certificates, declaration of conformity, security sheet, sanitary veterinary certificate according to the specific of each product.

The supplying with raw materials is made directly from the suppliers or direct distributors, being thus possible the negotiation of some prices, advantageous for the company. The prices are well correlated in report to quality.

The stocks of raw materials and materials are at the necessary minimum level. Due to systematic supply there are no gaps created in the stocks of raw materials and materials. This fact determines a good rotation speed of stocks (19 days).

The suppliers of raw materials and materials manifest trust in the company's financial solidity, existing few cases in which operations of settlement are performed through instruments like CECs or promissory notes. Payment conditions were negotiated in conformity with the stipulations of the Commercial code with terms between 12 and 60 days.

The main suppliers are:

- Alimentary goods: SC Ferma Zootehnică SRL Baia Mare, SC Romconex SRL Oradea, SC Metro Cash&Carry SRL, SC Moisi Serv SRL, SC Vandana SRL Oradea, SC Panificatie Tomis SRL Oradea, SC Pelops SRL Oradea, SC Macromex SRL, SC Carslrom Beverage Co.SRL, SC Pigalle&Colors SRL, SC Matros SRL Oradea, SC Prodlacta SRL, SC Forelit SRL Sălard, SC Selgros Cash&Carry SRL.

- materials: SC Microlit SRL, SC Sacrilan SRL, SC Vitalor Chem SRL, SC Dromaderu SRL, SC Ditto SRL, SC Diversey România SA, SC Rogvaiv SRL, SC Selectron SRL, SC Austral SRL

- construction works and fitting, repairs and equipment: SC Aqua Plus SRL, SC Crito Prod SRL, SC Star Decor SRL Oradea, SC Inselma SRL, SC Victema SRL, SC Otis Lift SRL

- utilities: SC Getica 95 Com SRL, SC Termoficare SA Oradea, SC RDS&RCS Romania SRL, SC Compania de Apa SA

1.1.4. *The evaluation of the selling activity*

a) *The description of sales' evolution sequentially on the internal and/or external market and the sale's perspectives on long and medium term:*

The obtained turnover 53.825.460 lei is mainly composed of incomes from three clients which are SC Exim Tour SRL (7.585.871 lei with a share of 14,09% from the turnover), The National House of Public Pensions (5.951.148 with a share of 11,06% from the turnover), respectively Transilvania Hotels & Travel SA (4.262.851 with a share of 7,92% from the turnover).

In the analysis of the tourist activity's main indicators for the year 2020, the first analysed indicator is the places' occupancy rate (the average using index of the functioning capacity), which at the level of 2020 was of 54,94% being with 12,2 percentage points lower than in 2019 (when it was 67,06%).

The places' occupancy rate shows the efficiency of the use of the functioning accommodation capacity, in this sense it is to mention the fact that in 2020 the functioning accommodation capacities lower than in 2019 with 23,30% respectively 4.591. Accommodation capacities are usually closed during periods of low demand (in the off-season, quarters I and IV), but in 2020 they were also closed due to measures imposed by the authorities to limit the spread of Covid.

These reasons, together with the maintaining of the average length of stay, have determined in 2020 the realization of a medium average occupancy rate of the functioning places lower than in 2019.

In what concerns the realized total tourist days, in 2020 a decrease of 45,67% (172,664 tourist days) was registered, compared to 2019:

- the decrease of the number of tourist days with 45,67 (172.664 tourist days), from 378,173 tourist days in 2019 to 205.509 tourist days in 2020;

- total tourist day realized in 2020 have reached 205.509 tourist days, from which tourist days realized by Romanian citizens were 204.315 and those realized by foreigners were 1.194 tourist days.

As structure, in 2020 compared to 2019 the following modifications were registered at tourist days categories:

- the decrease of the number of tourist days on the 4 *; from 75.729 in 2019 to 40.124 in 2020 (47,02%, 35.605 tourist days)

- the decrease of the number of tourist days on the 3* tourist accommodation segment; from 178.261 in 2019 to 104.408 in 2020 (41,43%, 73.853 tourist days)

- de 2* the decrease of the number of tourist days on the 2* tourist accommodation segment; from 124.183 in 2019 to 60.977 in 2020 (50,90% 63.206 tourist days).

- the average income/ tourist-day in 2020 is of 261,91 lei lei, higher with 15,77 lei compared to the previous year(246,14 lei) in the conditions of the decrease of the tourist-days.

- It has decreased the number of foreigners' tourist-days with 89,17% that is with 9.834 tourist days;

- It has remained at the same level the average length of stay of 5,39 days, but decreased more sharply for foreign tourists from 1.77 days in 2019 to 1.21 days in 2020, the increase of 0.03 days for Romanian tourists offset the decrease in the average stay of foreign tourists;

The total number of tourists has decreased from 70.161 in 2019 to 38.098 in 2020 , the decrease being of 32.063 tourists, respectively 45,69%.

The company's policy regarding the increase of the number of arrived tourists has concentrated on direct contracts fact that has led to a growth on the relation of organized internal tourism. These numbers place S.C. Turism Felix S.A. on an important position in the tourism for health from Romania.

Description of the competitive situation in the merchant company's domain of activity, the market share of the products or services of the merchant company and the main competitors

In Romania there is a significant number of tourist resorts especially oriented towards the balneary segment the best known being Băile Herculane, Sovata, Băile Olănești, Covasna, Vatra Dornei, Băile Tușnad, Ocna Șugatag, Năvodari, Sângeorz Băi, Slănic Moldova, Mangalia, Soveja. The tourist facility of these resorts is mainly formed of hotel complexes built before 1989 some of them being subject to modernization investments once taken over by various investors.

An important competitor of the company is the company SIND Romania reorganized in ventures, from which SC CSDR SIND Turism SRL and SC SIND Tour Trading SRL, that owns assets in the resort. SC SIND Romania is considered one of the most important tourism companies in Romania. It owns approximately 20.000 accommodation places (hotels, villas) especially in the two stars category from which 10% in the resort Băile Felix.

Important to mention is the fact that each resort mentioned above is specialized in the treatment of specific disease, being impossible to speak about a direct competition between them.

Another important aspect in making the competition analysis is also the category of tourist services offered by companies, with usually a well-defined segment of customers for each company which usually does not correspond to other companies. As a result we can

speak about a direct competition only locally, inside the Băile Felix resort, here being mainly about the same segment of clients that are concerned about the curative properties specific to thermal waters in the resort.

It is to mention the fact that thermal water sources in the Băile Felix resort are in the property of the company following their concession by the state for a period of 20 years.

The competitor situation for the tourist product of balneary treatment:

- in Băile Felix:

o SC CSDR SIND Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, pensions, etc.

o Hotel President ****: 196 accommodation places, 200 restaurant places, 350 wedding hall places, wellness centre, aqua park inaugurated in 2012 which is a direct competitor for the hotels Internațional**** , Termal*** și Nufărul***

o Felix Recovery Hospital: 150 beds in Băile Felix and 90 beds in Băile 1 Mai. The hospital has a new outpatient treatment department where, based on evidence of insurance and the referral letter from a GP or specialist, treatment is free. It is the largest competition in the 2-star hotels.

- In Băile 1 Mai:

o Hotel Ceres ** (474 places) UTB (belongs to the National House of Public Pensions) that, beside balneary treatments, from 2012 has an artificial saline enlarging its treatment area to those of the respiratory system.

o Hotel Perla *** 100 places and is competition for the 3 starts hotels.

- in the country: SC Sovata SA, SC Băile Herculane SA.

b) *description of any significant dependency of the merchant company to a single client or group of clients whose loss would have a negative impact on the incomes of the company.*

Not the case

1.1.5. *The evaluation of aspects related to the merchant company's employees/personnel*

a) *Specifying the number and level of training of company employees and the degree syndication of the workforce*

At the end of the year 2020, compared to the year 2019, *the structure of employees on types of activities*, is the following:

No.	Expenses on employees	Actual no. of employees		Share in the total employees	
		2019	2020	2019	2020
1.	Total employees hotel complexes and leisure activities, from which	650	596	81,05	80,32
	- accommodation structures	190	179	23,69	24,12
	- public food service	287	250	35,79	33,69
	- leisure activities	32	36	3,99	4,85
	- treatment facilities	141	131	17,58	17,66
2.	Maintenance employees, reparations, transport, auxiliary, production	90	87	11,22	11,73
3.	TESA employees	62	59	7,73	7,95
4.	Total of employees	802	742	100,00	100,00

From the data presented above results the fact that the number of employees in 2020 has decreased with 7,48% respectively 60 employees. At level of the hotel complexes and leisure activities the number of employees has registered the following situation:

- accommodation structures → the number of employees decreased with 5,79 %
- public food services → the number of employees decreased with 12,89 %
- leisure activities → the number of employees increased with 12,50 %
- treatment → the number of employees decreased with 7,09 %

From the total of employees (742 salaried), 37,86% are men (281 salaried) and 62,13% are women (461 salaried). On age categories, the situation of the personnel is the following: the age group between 50-59 predominates with a number of 211 salaried, and the first four age groups (up to 45 years old) include a number of 335 salaried representing 45,15% from the total of salaried.

In what concerns qualification, formation, instruction and training of employees, there is a number of 15 salaried who have qualified, trained, instructed and completed their studies.

At the level of hotel complexes there are professional training courses done, both in the serving space, production and in the accommodation and treatment spaces, by the company's personnel and the managers of the jobs and the salaried from the Quality Office. The training is based on the themes from the Training Plan, appendix to the Collective Labor Agreement and are emphasized in the training's confirmation forms.

Also, in the medical field, the staff participated in training courses on various medical topics: "Assertive communication with patients", "News in the approach to osteoporosis", "Stress management techniques and restoring inner balance", "Waste management in units medical" etc.

New Conventions were concluded and the students from Dual Education, respectively from Partenie Cosma Economic High School, Mihai Viteazul Technical College, Traian Vuia Technical College, for the professions of: waiter, cook, hotel worker, continued their professional training. The students were rewarded with scholarships worth 200 lei per month. The total value of the expenses with their scholarships (including settled subscriptions) in 2020 amounting to 71,133 lei.

The average number associated to the financial year 2020 is of 727 persons, from which 37 managing persons and 690 executive persons.

Shortly, the Company's personnel's structure is thus presented:

Structure of the personnel	Average number
average number associated to financial year 2020	727
1. managing personnel - total, <i>out of which</i> :	37
- executive directors	3
- T.E.S.A. managing personnel – office chiefs	6
- managing personnel from hotel complexes and leisure activities	26
- managing personnel from auxiliary sectors	2
2. executive personnel - total, <i>out of which</i> :	690
- T.E.S.A. executive personnel	48
- executive personnel from hotel complexes and leisure activities - total, <i>out of which</i> :	432
a) hotel receptionists	21
b) maids	59
c) administrators: bar tenders, administrator cooks, barkeepers, administrator workers	26
d) cooks	53

e) waiters	62
f) kitchen workers: waiter helpers (unqualified)	52
g) kitchen workers: cook helpers (unqualified)	31
h) porters	34
i) other personnel	94
- executive personnel in auxiliary sectors	97
- executive personnel from the treatment facility	113

At the society level, the working relationships that concern elements of syndicate nature, the personnel's interests are represented by the employees' representative.

b) Description of the relationship between manager and employees and of any conflicting elements that characterize these relationships.

There aren't and there aren't reported conflicting elements that can negatively affect labour relations at the company level.

1.1.6. The evaluation of aspects relates to the impact of the issuer's basic activity on the environment

Summary description of the issuer's basic activities on the environment as well as of any existent or expected litigation regarding the violation of environment protection legislation,

The company operates both its current activity and the investment one, in conditions of real protection of the environment, obtaining all the environmental permits necessary for each type of activity.

1.1.7. The evaluation of the research and development activity

Indication of expenses in the financial year and those that are anticipated in the next financial year for research and development activity.

Through its specific activity, namely hotels and other similar services, in 2020 the company did not record expenses on research and development activity, and for the year 2021 does not intend to conduct such expenses

1.1.8. The evaluation of the merchant company's activity regarding risk management

Description of policies and objectives of the merchant company regarding risk management

In the conditions of the economic situation at the branch level, of the realised number of tourist days in 2020 the results are still notable due to measures taken through selling policies regarding tariff formation and management of costs, from which we mention:

- optimization of arrivals in tourist reception establishments to ensure an occupancy rate that allows operation under conditions of efficiency
- flexibility of opening hours of tourist reception establishments closely related to market segments and their seasonality
- continuous development and promotion of the service packages which led to increased customer satisfaction in conditions of economic profitability

- implementing some policies of selling of leisure services in order to attract new tourists from internal and external surrounding areas
- optimization of utilities consumption
- Effective human resource management in correlation with operational capacity at the lowest achievable cost
- Rhythmic supply and minimum stock of goods, raw materials and consumable materials
- efficient cash flow through tracking measures of the due of receivables and payables
- commitment of expenditure in correlation with the moment of realization of income developed in closely concordance with ensuring availabilities
- engaging in maintenance, repair and minimal modernization, in crisis conditions ensuring necessary comfort

The method "scoring" aims to provide predictive models for assessing the risk of bankruptcy of the company. This method is based on statistical techniques of discriminant analysis.

The application of discriminator analysis through the Altman method, it is obtained a "Z" score, that represents a linear function of a set of rate

The Society's flexibility degree is maintained at the previous years' level.

There is a decrease from the previous year of the own contribution to the financing of investments as a result of granting dividends, while the return on patrimony is in an easy trend of growth.

The market value of the company's share capital lies on an upward trend and the indebtedness on medium and long term is in continual decline.

Following the company's bankruptcy risk assessment by the method Altman, it is noted an improvement of the solvency, this being high.

Analysing bankruptcy risk calculated by the two methods we can conclude that the risk of bankruptcy is almost non-existent.

Bankruptcy risk through scoring method

ALTMAN FUNCTION

Rates involved in determining score "Z"				Rates involved in determining score "Z"		Rates involved in determining score "Z"	
Rate no	the formula of the involved rates		Calculation values during analysis			2019	2020
			2019	2020		2019	2020
r1	Circulating asset / total asset	A_c / A_t	28.604.027 / 241.835.165	15.236.660 / 223.635.007	1,2	0,1419	0,0804
r2	Reinvested profit / total asset	$P_{n_{reinv}} / A_t$	6.331.448 / 241.835.165	456.192 / 223.635.007	1,4	0,0367	0,0029
r3	The current result before tax / total asset	P_b / A_t	15.012.910 / 241.835.165	653.655 / 223.635.007	3,3	0,2049	0,0096
r4	Stock market capitalization / Loans	K_{BVB} / D_{tml}	183.575.299 / 1.273.948	156.783.228 / 1.389.407	0,6	86,4597	67.7051
r5	Turnover / total asset	CA / A_t	93.085.092 / 241.835.165	53.825.460 / 223.635.007	0,99	0,3811	0,2383
Z = 1,2 r1 + 1,4 r2 + 3,3 r3 + 0,6 r4 + 0,99 r5						87,2242	68,0363

$Z \leq 1,5$	-	-	-
$1,51 \leq Z \leq 1,8$	-	-	-
$1,81 \leq Z \leq 2,70$	-	-	-
$2,71 \leq Z \leq 2,99$	-	-	-
$Z \geq 3$	68,0363	87,2242	68,0363

Formula of Altman function: $Z = 1,2 r_1 + 1,4 r_2 + 3,3 r_3 + 0,6 r_4 + 0,99 r_5$

Used variables:

r1 Circulating asset / total asset – rate structure of assets and measures the degree of flexibility of the business operator

r2 Reinvested profit / total asset – indicates the contribution of the of the business operator to finance investments

r3 Gross profit / total assets – quantifies the performance of the patrimonial assets

r4 The market value of the capital / long term obligations – quantifies a part of the degree of indebtedness

r5 turnover / total asset – expresses the assets' yield

Canon Holder Model

It is based on the following function: $Z = 16 \cdot R_1 + 22 \cdot R_2 - 87 \cdot R_3 - 10 \cdot R_4 + 24 \cdot R_5$

No.	Indicator	U.M.	Values		Symbol
			on 31.12.2019	on 31.12.2020	
1	Debts	lei	8.254.741	5.973.272	Cr
2	Cash on hand	lei	16.374.813	6.002.594	Db
3	Short term debts	lei	15.576.940	23.638.568	Dts
4	Permanent capital	lei	223.066.638	196.878.611	Kperm
5	Total liabilities	lei	241.835.165	223.635.007	Pt
6	Financial expenses	lei	99.942	907.895	Chf
7	Total incomes	lei	94.249.431	54.549.456	Vt
8	Expenses with the personnel	lei	35.756.929	22.432.524	Chp
9	Added value	lei	60.274.616	32.406.510	VA
10	Gross surplus of operation	lei	21.919.611	7.412.196	EBE
11	R1	-	1,5812	0,5066	(Cr + Db) / Dts
12	R2	-	0,9224	0,8804	Kperm / Pt
13	R3	-	0,0011	0,0166	Chf / Vt
14	R4	-	0,5932	0,6922	Chp / VA
15	R5	-	0,3637	0,2287	EBE / VA
16	$Z = 16 \cdot R_1 + 22 \cdot R_2 - 87 \cdot R_3 - 10 \cdot R_4 + 24 \cdot R_5$	-	48,2944	24,5930	Z

Status of the enterprise	interval Z	Score Z	bankruptcy probability
Unfavorable situation	$Z < 4$	negative	80%
		0 - 1,5	75 - 80 %
		1,5 - 4,0	70 - 75 %
Uncertain situation	$4 < Z < 9$	4,0 - 8,5	50 - 70 %
		8,5 - 9,0	35%
Favorable situation	$9 < Z < 16$	9,0 - 10,0	30%
		10,0 - 13,0	25%
		13,0 - 16,0	15%
Very good situation	$16 < Z < 25$	16 - 20	Under 15 %
		20 - 25	under 10%
		over	Not existing

1.1.9. Elements of perspective regarding the merchant company's activity

a) Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared with the same period of the previous year

The perspectives of the year 2021:

1) We think that in 2020 there is the possibility to realize incomes comparable to those from 2020 in conditions of growing the cost compared to the previous year's level, we estimate a realizable profit of 7.510.000 lei, for the following reasons:

- The positive impact of investments realized until the present in the quality and range of offered service
- upgrading the price of services offered by the company in relation to the relative growth of costs and the qualitative improvement of the offered services
- the efficient managing of costs through a functioning flexible schedule of hotel complexes with low occupancy rate during off season
- The launch of flexible programs with the facilities of accommodation, leisure activities and treatment
- - the diversification of selling policies considering a passing from treatment balneary tourism to a recreational balneary tourism

2) As a result of investment prioritization there will be concentrated the financing sources included in the development strategy, in order to improve the leisure activities and treatment ambient and conditions, aiming to provide superior quality of offered services

b) Presentations and analysis of the effects of capital expenses, current or anticipated on the merchant company's financial situation in comparison to the same period of the previous year.

The situation of changes of own capital in the year 2020 is as follows

Name of the element	Share capital	Other equity items	Revaluation reserves	Other reserves	Own shares	Retained earnings	Current income	Total
Balance on 01 st January 2020	49.614.946	0	75.756.428	60.638.979	0	20.951.649	14.071.379	221.033.381
Profit or loss	0	0	0	7.066.963	-1.978.887	7.011.110	-13.615.187	-1.516.002
- Retained earnings transfer			0			14.071.379	-14.071.379	0
-income of current financial year			0			0	462.885	462.885
- retained earnings distribution – other reserves				7.060.270		-7.060.270		0
- current earning distribution				6.693			-6.693	0
- repurchase of own shares					-1.978.887			-1.978.887
Other elements of the global income	0	-38.708.593	17.638.930	0	0	1.661.921	0	19.407.742
- surplus from re-evaluation			-1.661.921			1.661.921	0	0
- net tax revaluation reserves		-14.943.257	19.300.850					4.357.594
- net tax revaluation reserves - change in the fair value of tax-net financial investments	0	-23.765.336	0	0		0	0	-23.765.336
Transactions with owners	0	0	0	0	0	-5.011.109	0	-5.011.109
- granted dividends	0	0	0	0	0	-5.011.109	0	-5.011.109
Balance on 31 st December 2020	49.614.946	-38.708.593	93.395.358	67.705.942	-1.978.887	24.613.570	456.192	195.098.528

b) *Presentation and analysis of events, transactions of economic changes that affect significantly the incomes from the basic activity.*

Not the case.

2.2 TANGIBLE ASSETS OF THE MERCHANT COMPANY

Specification of the location and characteristics of the main production facilities owned by the merchant company

The main accommodation capacities, public food service and treatment of the company consist of: a complex of four stars (International) with a total capacity of 340 beds, 535 places for public food service, 600 pool seats, 400 places balneary treatment, 600 places by the pool and other facilities, 3 three stars hotel complexes (Termal ,Nufărul and Poienita) with a total capacity of 750 beds, 1.258 places for public food service, 700 places of balneary treatment and other facilities, three two stars hotel complexes (Mures, Somes and Unirea) with a total capacity of 1,286 beds, 1,000 places for public food service, 1,100 places of balneary treatment, 300 places by the pool and other facilities. In addition to these complexes the company operates three swimming pools (Apollo, Felix and Venus) the public food service complex Poiana, Dark Club with a capacity of 300 seats. In total the company has 2,376 beds, 2,892 places for public food service and five treatment facilities that can perform up to 8,300 operations per day, conference rooms with a capacity of 1,100 seats, recreation facilities: swimming pools and outdoor lidos, mini aqua park, clubs, sport fields, fitness rooms, wellness centers etc.

Hotel International **** is the first hotel in Romania to receive the logo EUROESPA-med, that proves the fulfilment of the European Spas Association (ESPA) standards, referring to the general infrastructure of therapies, hygiene and tourist's security.

Through the concession license for exploitation no. 646 / 08.04.2000 the National Agency for Mineral Resources leased to SC Turism Felix S.A. for a period of 20 years, extendable for successive periods of 5 years, all the thermo-mineral water resources of the resort resulted from drilled captures, other traders using this resource based on delivery contracts concluded with the company.

Description and analysis of the wear degree of the merchant company's properties

The level of the wear degree:

No.	SPECIFICATION	U.M.	Analysis period			Symbol
			2018	2019	2020	
1	Amortization related to tangible assets	lei	31.323.594	36.277.040	29.190.706	Amz
2	Tangible assets	lei	184.263.402	188.576.675	212.270.871	Mf
3	Average wear degree	%	16,99%	19,24%	13,75%	Gu=Amf/Mf

The medium average wear degree is due to revaluations done during the years, the registration technique of revaluations being through eliminating the cumulated amortization.

Across fixed assets, there is a relatively acceptable average degree of wear, the most used being those in the category "other technical installations and means of transport".

The accounting policy of the company for the re-evaluated tangible assets was the alternative accounting treatment, respectively the presentation in the financial situations of

the fixed assets at the re-evaluated value, less the cumulated amortization.

Specification of the possible problems related to the property right over the tangible assets of the merchant company

Not the case

3.MARKET OF SECURITIES ISSUED BY THE MERCHANT COMPANY

Specification of the markets in Romania and other countries on which are negotiated securities issued by the merchant company

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFE". The inventory of the shareholders is kept by the Central Depository (ex REGISCO) in conformity with the contract no.7778/01.03.2007. On the 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori București S.A. Starting with 14 March 2007 the company is listed at B.V.B. Bucharest.

It is a publicly owned company, in conformity with the terminology provided in Law 297/2004 regarding the capital market, being registered at the National Securities Commission – Office for the inventory of securities in conformity with the registration certificate no. 2029/02.12.2002.

The company owns the LEI code 254900YRWU6MYZS4BB14 (the identification code of the legal entity) as a part of the alignment of the participants to the financial markets of measures packages adopted at European level.

3.1 Description of the merchant society's policy regarding dividends. Specification of due / paid / accumulated dividends in the last 3 years and if applicable, the reasons for the possible reduction of dividends during the last 3 years

The company registers at the end of 2020 net dividends due and unpaid in the amount of 563.266 lei for the years 2001-2003, 2012 - 2019. In the period 2004-2011, the issuer's policy has been to reinvest the obtained profit, the company needing capital resources to develop investments thus not distributing dividends.

According to the Decisions of G.A.S the company has maintained the dividends distribution program in correlation with the need of capital resources distributing the remaining net profit as an own financing source for sustaining the company's investing program.

Because providing capital resources on medium and long term represents a major coordinate of the issuer's strategy, he will maintain his dividend and profit reinvestment policy in the future.

The net profit realized in 2020 is worth 462.885 lei, and the distributed legal reserve is worth 6.693 lei.

The remaining difference to be distributed in the amount of 456.192 lei is proposed to be distributed to other sources of financing

3.2 Description of any of the merchant company's actions of purchasing its own shares

Through the Decision of the E.G.A.S no.1 from 18.11.2019 it has been approved to carry out a program to repurchase by the company its own shares, in accordance with the applicable legal provisions, under the following conditions:

I. The Dimensioning of the program- maximum 4.961.494 shares with a nominal value of 0,10lei/ share, representing 1,00% from the share capital;

II. The acquisition price of the shares: the minimum price will be equal to the market price of the shares of the company on the Bucharest Stock Exchange from the moment of the purchase, and the maximum price will be 0.40 lei / share;

III. Duration of the program: the maximum period of 9 months from the publication of the E.G.A.S decision in the Official Journal of Romania, part IV;

IV. Payment of repurchased shares - from available reserves (except legal reserves) written in the last approved annual financial statements;

V. The purpose of the program - to distribute the shares repurchased for free, to the managers, directors and employees of the company, in order to make their activity more efficient and loyal, within a program "Stock Option Plan".

Through the decision of the E.G.A.S no.3 from 03.10.2020 it was approved to change the destination of the redemption program approved in the EGAS of 18.11.2019, from "distribution of repurchased shares, free of charge, to administrators, directors and employees of the company, in order to streamline and retain their activity under a Stock Option Plan", in "Cancellation of the shares to be acquired by the company, followed by the corresponding reduction of the share capital".

At the reporting date, a number of 4.842.747 shares were repurchased in a total amount of 1.978.887 lei, and the procedure regarding their cancellation will be started.

3.3 In the case when the merchant company has subsidiaries, the specification of the number and value of the shares issued by the parent company held by the subsidiaries.

Not the case

3.4 In the case when the merchant company has issued bonds and/or other debentures, the presentation of the way in which the merchant society pays its bonds towards other holders of such securities

The company has not issued bonds or other debentures in 2020, and neither previous this year, so that it has no obligations towards other holders of such securities.

CAP. 4. THE MANAGEMENT OF THE MERCHANT SOCIETY

During 2020 the company has been administered by a Managing Board formed of three members appointed as based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016. The executive management is assured by a general manager who carries out his duties based on the Contract of mandate signed with the Managing Board and a team of 4 managing directors.

4.1. Presentation of the company's list of managers:

At the end of 2020 the company was managed by the Managing Board formed of here appointed members based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016, as it follows:

- ec. Moldovan Marius-Adrian – President
- dr. ec. Petria Nicolae – Vice - president
- dr. ec. Tudor Ciurezu – Member
- ec. Petrea Radu Cătălin – Member
- ing. Susan Mihaela – Member

(1) Moldovan Marius-Adrian *Chairman of the Managing Board of SC Turism Felix SA*

a) economist, 41 years old, general manager of SIF Transilvania SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(2) Petria Nicolae, *Vice- president of the Managing Board of SC Turism Felix SA*

a) PhD in economics, 67 years old, vice-president of the Supervisory Board of SIF Transilvania SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Tudor Ciurezu, *member of the Managing Board of SC Turism Felix SA*

a) PhD in economics, 67 years old, general manager of SIF Oltenia SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Petrea Radu Cătălin, *member of the Managing Board of SC Turism Felix SA*

a) economist, 46 years old, deputy general manager at Railway Commercial Bank, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Susan Mihaela, *member of the Managing Board of SC Turism Felix SA*

a) engineer, 52 years old, Head of Corporate Governance at S.I.F. Transilvania S.A., the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : *– not the case*

4.2. Presentation of the company's list of the remembers of the executive management

The organization, leadership and management of the present activity is realized by the team of executive directors under the leadership and responsibility of the General Manager, carrying out the Managing Board's decisions in order to accomplish the objectives established through the Budget of Incomes and Expenses approved by the General Assembly of Shareholders. The company's executive leadership has been assured by a managerial team, team that during 2020 had the following composition:

- ec. Florian Serac - General manager,
- ec. Popa Marcel – Chief Accountant,
- ec. Hepeş Rodica Melania – Sales Manager,
- dr. Farcaş Daniela Cristina - Medical Director.

The participation of the executive leadership at the company's share capital, according to the Registry of shareholders released by S.C. Depozitarul Central S.A. on the 31.12.2020 shows the following:

- **Serac Florian**

a) the term for which the person is part from the executive leadership: – duration determined according to the management contract until *04.04.2023*.

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital: *2.562.224 shares; 0,516 %.*

- **Popa Marcel**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital : *0 shares; 0,00 % – not the case;*

- **Hepeş Rodica Melania**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital : 177.718 shares; 0,035 %.

- **Farcaş Daniela Cristina**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - *not the case*

c) the participation of the respective person at the merchant company's capital : 0 shares; 0,00 % – *not the case*;

4.3. *For all persons presented in 4.1. and 4.2. specifications of any litigation or administrative proceedings that they were involved in the last 5 years related to their activity within the issuer, as well as those concerning the ability of that person to perform his duties within the issuer:*

We mention that the society does not have knowledge that the presented persons have been involved in litigation or administrative procedures in the last 5 years or to have had restrictions regarding the occupation of leading functions within the company.

CAP.5. THE FINANCIAL-ACCOUNTING STATEMENT

The presentation of the current economical-financial analysis in comparison with the last 3 years, by referring at least at:

- a) *balance sheet items, assets that represent at least 10% from total assets; cash and other liquid assets; reinvested profits; total current assets; Total current liabilities;*

STATUS OF THE FINANCIAL POSITION

Note: presentation IFSR year 2019 withdrawn

	31.dec.19	31.dec.19R	31.dec.20
<i>- lei</i>			
Assets			
Non-current assets			
Tangible assets	172.407.746	172.407.746	196.109.673
Intangible assets	545.265	545.265	411.578
Property investments	315.741	315.741	348.490
Financial assets	39.820.673	14.641.330	11.528.606
Total non-current assets	213.089.424	187.910.081	208.398.347
Currents assets			
Stocks	1.366.773	1.366.773	1.472.276
Commercial receivables	3.430.734	3.430.734	3.563.529
Other receivables	4.965.721	4.965.721	2.578.743
Receivables with current profit tax	68.082	68.082	76.967
Short term investments	2.607.701	2.607.701	1.542.551
Cash and equivalent in cash	16.374.813	16.374.813	6.002.594
Total current assets	28.813.823	28.813.823	15.236.660
Total assets	241.903.247	216.723.904	223.635.007

Ownership equities and liabilities**Ownership equities**

Share capital	49.614.946	49.614.946	49.614.946
Other elements of ownership equities	0	-33.271.676	-38.708.593
Retained earnings	20.951.649	20.951.649	24.613.570
Reserves	136.395.407	136.395.407	161.101.300
Own shares	0	0	-1.978.887
Current earnings	14.211.525	14.211.525	462.885
Distribution of profit	-140.146	-140.146	-6.693
Total ownership equities	221.033.381	187.761.705	195.098.528

Non-current payables

Deferred income tax liabilities	0	8.092.334	10.416.527
Long term loans	759.308	759.308	390.677
Other long and medium term loans	1.273.948	1.273.948	1.389.407
Total non-current payables	2.033.256	10.125.590	12.196.610

Current payables

<i>Commercial payables</i>	10.258.810	10.258.810	5.671.197
Short term loans	0	0	2.688.135
<i>Current taxes</i>	1.442.666	1.442.666	1.463.923
<i>Debts with specific tax</i>	174.194	174.194	6.114
<i>Other debts</i>	6.960.939	6.960.939	6.510.500
Total current payables	18.836.609	18.836.609	16.339.869
Total payables	20.869.865	28.962.199	28.536.479
Total liabilities	241.903.247	216.723.904	223.635.007

The individual financial statements are presented in accordance with the requirements of IAS 1 - "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenses by function in the statement of comprehensive income, considering that these presentation methods provide information that is credible and more relevant than the one which would have been presented based on other methods accepted by IAS 1.

For the financial year 2020, the individual annual financial statements were drafted according to the Order of the Minister of public finances no. 2844/2016 by applying the International Standards of Financial Reporting, with the subsequent amendments and additions.

As a result of the application of the provisions of ISFR 9 Financial Instruments, the company reclassified the financial assets measured at fair value through other elements of the overall result and as a result restated the items from the financial statements on 31.12.2019.

Changes in fair value are recognized in other comprehensive income until the investment is derecognised or impaired, when the cumulative gain or loss is reclassified from other comprehensive income to a deferred income statement for the period.

The company considers that the correct determination of fair value is an essential requirement for the presentation of useful information for investors and for the company's key personnel, in order to make appropriate decisions.

Annual accounting reporting on 31.12.2020 is in conformity with the reporting regulations regarding entities whose securities are admitted to transactions on a regulated market that applies the Accounting regulations that are in conformity with the International

standards of financial reporting, stipulated at point 1.1 from annex 3 at the Order of the Minister of public finances no. 58/2021, regarding the main aspects related to the drafting and submission of annual financial statements and the annual accounting reporting of business operators at the territorial offices of the Ministry of Public Finances.

The total assets at the date of reporting are worth 223.635.007 lei, from which non-current assets are worth 208.398.347 lei and current assets 15.236.660 lei.

The value of assets registered in the accounting statements on 31.12.2020, found in the patrimony, is reflected by the acquisition cost or according to re-evaluated values for tangible assets such as lands and constructions.

The category "Lands" is reflected at fair value according to the valuation performed on December 31, 2020.

The evaluation report of the tangible assets such as lands prepared by S.C. DARIAN DRS S.A. - member of ANEVAR, in 2020 aimed to estimate the market value of lands and took into account the recommendations of the International Standard for Application in Valuation 1 - EVA 1 "Valuation for financial reporting". The assessed value of the lands on 31.12.2020 was 80.257.512 lei. According to the approved land accounting policies, no depreciation is calculated.

The category "Constructions" was revalued on December 31, 2020 by the method of updating financial flows (income-based approach) by S.C. DARIAN DRS S.A. - ANEVAR member, and in the accounting records the fair value of fixed assets was recorded by eliminating the accumulated depreciation.

In the category "Constructions", the damping is linear, the damping times are established between 8-60 years. For the category "Lands" according to accounting policies damping is not calculated.

The tangible assets out of patrimony by sale, decommissioning or other ending ways, are reflected in the profit and loss account at the net book value. Their re-evaluation difference is considered integrally realized only upon sale or decommissioning and is transferred to the reported result, being subject to taxation.

The revaluation surplus is considered realized as damping and transfer to other reserves take place, being subject to taxation. The gross book value is recovered through the method of linear damping, in conformity with the legal norms in force, the growths along the year have been influenced by acquisitions and modernization on existing fixed assets.

During 2020, the book values regarding intangible and financial assets haven't been influenced by revaluation differences.

The tangible fixed assets inflows totaled 18.040.450 lei, of which 17.168.418 lei were transferred from investments in progress, respectively investment and modernization works put into operation in the amount of 872.032 lei. The value of investments in progress not received on 31.12.2020 is 5.422.541 lei. During 2020, there were fixed assets obtained from direct labour worth 32.982 lei.

The value of fixed assets outflows during 2020 was 1.015.192 lei, of which 995.605 lei were made on account of the scrapping procedure and 19.587 lei after selling. The value of land outflows during the year was 148.019 lei. There were not built adjustments for the depreciation of fixed assets.

The rate of tangible assets is of 94,27%, this was influenced by the continuation of finalization works and commissioning of the new investments, as well as by the continuation of modernization works. The high percentage of tangible assets in the total of assets is normal taking into consideration the specificity of the activity.

The value of the net intangible assets is of 196.109.673 lei, increasing with 13,74% in comparison to the previous year, with the mention that the fixed assets as constructions and investments were re-evaluated on 31.12.2020.

➤ Tangible assets at gross value year 2020:

- lei .

31 december 2020	Lands	Constructions	Technical installations and machines, equipment and furniture	Tangible assets in process	Advance payments tangible assets	TOTAL
Initial balance	68.895.342	85.261.347	34.019.644	14.634.681	5.789.170	208.600.183
Entries	11.510.188	23.665.264	2.090.771	7.956.278	2.166.287	47.388.787
Outputs	-148.017	-12.363.271	-1.008.885	-17.168.418	0	-30.688.591
Final balance	80.257.512	96.563.340	35.101.529	5.422.541	7.955.457	225.300.379

➤ The influence of damping and provisions over the gross value of tangible assets year 2020:

- lei .

31 December 2020	Lands	Constructions	Technical installations and machines, equipment and furniture	Tangible assets in process	Advance payments tangible assets	TOTAL	
Initial balance		0	7.716.090	28.476.347	0	0	36.192.438
Value adjustments representing damping and depreciation		0	4.641.778	1.714.210	0	0	6.355.987
Value adjustments related to fixed asset output		0	-12.357.868	-999.852	0	0	-13.357.719
Reserve transfers from re-evaluation		0	0				0
Final balance		0	0	29.190.706	0	0	29.190.706

Gross value of fixed ass. on 31 December 2020	80.257.512	96.563.340	5.910.823	5.422.541	7.955.457	196.109.673
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The structure of circulating assets:

- lei

CIRCULATING ASSETS	2019		2020	
Stocks	1.366.773	5%	1.472.276	10%
Receivables	8.464.517	30%	6.219.239	41%
Liquid assets and other similar	18.982.514	65%	7.545.145	49%
TOTAL CIRCULATING ASSETS	28.813.823	100%	15.236.660	100%

From the analysis of balance sheet items, there is a decrease in circular assets compared to previous year due to maintenance of stocks of materials with a value of 105.503 lei, an increase in trade receivables with 132.795 lei and significant decrease of liquid assets and cash equivalents.

Commercial receivables have increased compared to 2019, given the cashing speed of debits – clients is of 24 days.

The liquidities found in the company's accounts have decreased compared to 2019 as a result of the continuation of policies regarding supporting the activity in the economic conditions marked by the pandemic as well as by the investment development policy.

The realization of the proposed profit for 2020 and recording positive revaluation differences have led to the increase of ownership equities and has contributed implicitly in

assuring the company's development program's financing sources, in safety and stability conditions.

The subscribed capital in value of 49.614.945,60 lei has not suffered modifications during 2020.

Along the year it was constituted the legal reserve afferent to 2020 worth 6.693 lei, and the net unallocated profit afferent to 2019 worth 14.211.525 lei was allocated according to OGAS Decision no 1 from 03.04.2020 thus:

- the sum of 7.060.269,69 lei to other financing sources
- the sum of 2.000.000 lei undistributed
- the sum of 5.011.109,51 lei for dividends

Other similar debts on long term include the performance bond afferent to realized investment and modernization works, their value being of 1.389.407 lei, increased with 115.459 lei compared to the previous year.

The current debts are worth 16.339.869 lei compared to 18.836.609 lei registered the previous year, being influenced by the decrease of debts to fixed assets suppliers. .

The company does not register due debts, all obligations being paid on time. The commercial agreements have been honoured in due time.

During 2020 S.C. Turism Felix S.A. has run its financial and investment activity by mainly using its own financing sources. In 2020 a line of credit was taken up (overdraft) worth 4.500.000 lei in order to temporarily optimize cash flow. On 31.12.2020 from the line of credit 2.688.135 lei were used.

The annual inventory has taken place in conformity with the legal stipulations regarding the organization and development of the patrimony inventory, the results being exploited 100%, the noticed differences being admitted in the financial statements without having a significant impact.

- b) *the profit and loss account: net sales; gross incomes; elements of costs and expenses with a weight of at least 20% in net sales or gross incomes, risk provisions for various expenses; reference to any sale or shutdown of an operating segment performed in the last year or that are to be made in the next year; dividends declared and paid;*

THE SITUATION OF PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT

Note: presentation IFSR year 2019 withdrawn

- lei

	31.12.2019	31.12.2019R	31.12.2020
Incomes from services	56.721.046	56.721.046	33.891.433
Incomes from sale of goods	36.364.046	36.364.046	19.934.026
Other incomes	380.397	380.397	530.150
	93.465.489	93.465.489	54.355.610
Operating expenses	56.858.308	56.858.308	37.813.028
The cost of sold goods	11.407.513	11.407.513	6.894.751
Other expenses	10.870.758	10.870.758	8.280.126
	79.136.579	79.136.579	52.987.906
Operating earnings	14.328.910	14.328.910	1.367.704
Financial incomes	783.942	783.942	193.846
Financial expenses	99.942	99.942	907.895
Profit before tax	15.012.910	15.012.910	653.655

Corporate tax	452.997	452.997	57.284
Expenses with deferred corporate tax	0	0	0
Expenses with specific tax	348.388	348.388	133.486
Gross profit afferent to the period	14.211.525	14.211.525	462.885
Other elements of the global earnings			
Increases / decreases in the revaluation of financial assets recognized at fair value through other elements of the global result	0	-21.150.648	-2.614.688
Increases / decreases of the reserve from the revaluation of tangible fixed assets, net of deferred tax	0	-12.121.028	-2.822.229
Total Other elements of the global earnings	0	-33.271.676	-5.436.917
Total global earnings afferent to the period	0	-19.060.152	-4.974.032
Earnings per share			
Earnings per basic share (expressed in lei per share)	0,0286	0,0286	0,0009

In 2020 the total incomes are 54.549.456 lei, 42,12 % (39.699.975 lei) lower than the incomes achieved in 2019 when they were worth 94.249.431 lei.

Compared to the income provided in B.V.C. in 2020 they are lower by 41,56% (38.785.544 lei) .

Operating incomes (representing 99% of total realized incomes) are 54.355.610 lei and is lower by 41,84 % (39.109.879 lei) compared to 2019.

Compared to the provisions B.V.C. for 2020 they are lower by 41,74% that is with 38.939.390 lei .

Operating incomes compared to the same period last year were influenced mostly by:

- decrease of incomes resulting from accommodation with 12.403.358 lei, from 32.203.335 lei to 19.799.977 lei
- decrease of incomes resulting from public food service with 16.430.020 lei, from 36.364.046 lei to 19.934.026 lei
- decrease of incomes from leisure activities with 4.310.253 lei, from 10.593.767 lei to 6.283.514 lei

The turnover has decreased with 42,18% (39.259.632 lei) compared to the previous year, from 93.085.092 lei to 53.825.460 lei, being influenced by:

- the decrease of the tourist-days with 45,67 %, respectively 172.664 tourist days, following the effect of the COVID pandemic
- travel and tourism restrictions imposed by the authorities
- unpredictable economic environment
- financial support provided by authorities to staff settled late

The financial incomes realized in 2020 are lower with 590.096 lei compared to the previous year. The financial incomes realized in 2020 are of 193.846 2 lei, and in the previous year were worth 783.942 lei. The decrease of the financial income results from the

transactions carried out by the company with short-term financial instruments and from the valuation of the shares at the end of the period .

Compared to the incomes provisioned by B.V.C in 2020 these are higher with 153.846 lei.

Total registered expenses in 2020 are 53.895.801 lei, lower by 31,98% (25.340.721 lei) compared to the expenses registered the previous year when they were 79.236.521 lei. The difference resulted from the decrease of operating expenses with 26.148.673 lei and the increase of financial expenses with 807.953 lei.

Compared to the provisions of B.V.C for 2020 the total expenses are lower by 36,09%, that is with 30.439.199 lei.

a. Operating expenses from 2020 compared to 2019, are lower by 33,04% respectively 26.148.673 lei, their evolution in the structure being thus presented:

- the expenses with the goods have decreases by 39,60% compared to the previous year (that is with 4.508.827 lei), from 11.386.211 lei in 2019 to 6.877.384 lei in 2020, in close correlation with the decrease of incomes from public food service (45,18%);

- Expenditure on raw materials, materials and consumables decreased by 29,33% compared to the previous year (that is with 987.463 lei), from 3.367.276 lei in 2019 to 2.379.813 lei in 2020;

- Expenditure on inventory items decreased by 88,61% compared to the previous year (ie by 2.035.115 lei), from 2.296.743 lei in 2019 to 261.627 lei in 2020

- The decrease of the utilities expenses by 26,62% compared to the previous year (ie with 2.372.266 lei), from 8.910.457 lei in 2019 to 6.538.191 lei in 2020 effect of operating restrictions imposed by the authorities;

- Third-party expenses are with 35,33 % lower compared to the previous year (aie with 1.956.983 lei), from 5.538.506 lei in 2019 to 3.581.523 lei in 2020;

- Decrease with 1,40 % compared to the previous year of the expenses with taxes and duties, from 2.598.076 lei in 2019 to 2.561.790 lei in 2020, respectively with 36.286 lei, due to the increase of the value of the tax on buildings effect of reception and giving in use of the investments made and the reduction of the pro rata expenses

- decrease by 34,78 % compared to the previous year of personnel expenses, from 37.237.946 lei in 2019 to 24.288.426 lei in 2020, respectively with 12.949.521 lei, as an effect of the adjustment of expenditure to subsidies granted by the authorities to staff employed

- The damping registered on 31.12.2020 fbring of 6.552.004 lei.

b. The registered financial expenses are higher than in the previous year, respectively an increase of 807.953 lei, from 99.942 lei in 2019 to 907.895 lei in 2020.

Compared to the stipulations of B.V.C. an over passing of 877.895 lei is registered, the earned value being 30.000 lei.

Compared to the gross earnings for 2019 of 15.012.910 lei, the company registers a negative difference of 14.359.255 lei, the gross realized earning in 2020 being 653.655 lei.

Compared with the gross earning provisioned in the B.V.C for 2020 of 9.000.000 lei, the society registers a gross earning of 653.655 lei, resulting a negative difference of 8.346.345 lei

The net earning realized in the financial year 2020 is of 462.885 lei, and the legal reserve assigned according to applicable regulations in force is of 6.693 lei, resulting a net profit of 456.192 lei that can be distributed.

c) cash flow: all changes in the level of cash within the basic activity, investments and financial activities, the level of cash at the beginning and end of the period;

As it results from the presented indicators, it can be concluded that the development and modernization program of the capacities that the company disposes of and which was sustained both from own sources and loans, have led to the increase of the value of liquidity indicators and solvency, exceeding the assuring level.

The statement of cash and cash flows is as follows:

	2019	2020
		- lei
Cash flow from the operational activity		
Net profit before tax and extraordinary elements	14.211.525	462.885
Operational profit before changes of working capital	18.971.668	7.251.129
Cash generated from operational activities	18.977.939	7.121.051
Cash-flow before extraordinary elements	14.369.453	2.022.402
Net cash resulted from operational activities	14.369.453	2.022.402
Cash-flow resulted from investment activities		
Net Cash-flow resulted from investment activities	-14.751.147	-15.198.214
Cash-flow resulted from financing activities		
Cash-flow resulted from financing activities	174.909	2.803.593
Net increase / (decrease) of cash	-206.785	-10.372.219
Cash and cash equivalent at the beginning of the period	16.581.598	16.374.813
Cash flow and cash equivalent at the end of the period	16.374.813	6.002.594

The main cash flow indicators are as follows:

No.	Indicator	U.M.	Anaysis period	
			2019	2020
1	The rate of current liquidity	-	1,84	0,93
2	The degree of indebtedness *	%	0	0
3	The degree of indebtedness **	%	0	1,15
4	The rotation speed of the clients' debits	days	22	24
5	The rotation speed of the fixed assets	-	0,37	0,26
6	The rate of fast liquidity	-	1,75	0,57
7	Permanent financing rate	-	1,04	1,14
8	Patrimonial solvency	-	14,35	8,93
9	The rate of the capacity to reimburse on term	-	1,2	0,19
10	Rate of economical return	-	6,76	0,28
11	Rate of financial return	-	6,43	0,20

The rate of current liquidity is over-unity and reflects the possibility of the current patrimony items to transform in a short time in liquidities, in order to pay current debts. The rate of current liquidity is of 0,93 exceeding the assuring level of 2,00.

The rate of fast liquidity is of 0,57 reflecting a high capacity to easily transform assets in liquidities in order to cover currents debts being under 1,00.

Patrimonial solvency is of 14,35 exceeding a lot the assuring level expressing to what degree the patrimony units can face payment obligations, indicating the report of own sources in the total assets.

The rate of the capacity to reimburse on term is of 0,19(years) and reflects the period in which the company can reimburse the debts taken up on along term.

Financial return (net profit/ownership equity) is of 0,20% and measures the capacity of own equities to release, after financing financial expenses, of the corporate tax and other obligations towards shareholders and salaried, a distributable income.

Net cash used for investment activities was 15.198.214 lei used both for further work of renovation and modernization of hotel units as well as for the acquisition of corporal assets. A high level of cash used for investment offers prospects for growth of cash generated by operating activities, given that the renovation projects undertaken, lead to higher occupancy levels and rates.

The rate of the global financial autonomy is of 89,76%, what reflects the extent to which the company disposes of permanent financial resources compared to the total resources conferring a high degree of safety and stability in financing.

The rotation of debts and current receivables are correspondingly offset between them and registers decreased values, respectively the duration to cash in from the clients is of 24 days and the payment duration of suppliers is of 19 days.

In what concerns the obligations to pay, the company does not have debts to pay, the owed sums fitting into the deadlines stipulated in the contracts. The company does not have on the 31.12.20120 debts owed compared to the consolidated budget.

Performance indicators:

Meeting performance indicators and objectives

a) Indicators:

indicator	Realization percentage
- Gross result (75%)	4,33%
- EBITDA margin (25%)	19,86%
- Degree of achievement of indicators	24,19%

b) Objectives:

objective	Realization percentage
- Turnover (50%)	29,55%
- Maintaining occupancy (50%)	52,83%
- Degree of achievement of objectives	82,38%

In the economic context of 2020, whose negative effects were also felt by the company in its activity field, the main accomplishments are:

- the realization of a gross profit of 653.655 lei
- the realization of an investing volume of 8.823.917 lei and of a reparation and maintenance program of 855.783 lei
- human resource intake
- profitability of reception structures
- maintaining the leading position on the on the balneary tourism market

The net profit realized in 2020 in the amount of 456.191.62 lei after the decrease of the legal reserve was distributed to other own sources of financing.

**President of the managing Board,
Moldovan Marius-Adrian**

S.C. TURISM FELIX S.A. Băile Felix

The stage of compliance with the provisions of the Corporate Governance Code of B.V.B. on the date of 31 December 2020

Annex 1

Provisions of CGC-BVB	Respected	Not respected	Observations
SECȚIUNEA A – RESPONSABILITĂȚI			
A.1. All companies must have a Council internal regulation, which includes the terms of reference / responsibilities of the Board and the key management functions of the company, and which apply, inter alia, the General Principles of Section A.	Partially		In the Articles of Incorporation, the Regulations for the organization and functioning of the company and the Regulations for Corporate Governance, the rules of organization, functioning and the powers of the Board of Directors are to be approved and published.
A.2. Provisions for the management of conflicts of interest should be included in the Council regulation. In any case, the members of the Council must notify the Council of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not presenting, unless the presence would prevent the formation of a quorum) and to the vote for the adoption of a decision on the question that gives rise to the respective conflict of interests.	Partially		In the Corporate Governance Regulation there are rules regarding the conflict of interests of the members of the Board of Directors. The regulation will be approved and published on the company's website
A.3. The Board of Directors must be made up of at least five members.	YES		.
A.4. Most members of the Board of Directors must have no executive function. In the case of companies in the Premium Category, no less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a statement at the time of its nomination for election or re-election, as well as when any change in its status occurs, indicating the elements on which it is considered to be independent in character and of his judgment.	YES		
A.5. Other relatively permanent professional commitments and obligations of a Board member, including executive and non-executive positions on the Board of non-profit companies and institutions, should be disclosed to potential shareholders and investors prior to their appointment and during their term of office.	YES		
A.6. Any member of the Board must submit to the Board information on any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation refers to any kind of report that may affect the member's position on matters decided by the Board.	YES		
A.7. The company must appoint a secretary of the Council responsible for supporting the activity of the Council.	YES		
A.8. The corporate governance statement will inform if an evaluation of the Board has taken place under the chairmanship of the Chairman or the nominating committee and, if so, will summarize the key measures and changes resulting from it. The company must have a policy / guide regarding the evaluation of the Board, including the purpose, criteria and frequency of the evaluation process.		NO	Requirement to be implemented in the next period.

S.C. TURISM FELIX S.A. Băile Felix

The stage of compliance with the provisions of the Corporate Governance Code of B.V.B. on the date of 31 December 2020

A.9. The corporate governance statement must contain information on the number of meetings of the Board and committees during the last year, the participation of the directors (in person and in absence) and a report of the Board and committees on their activities.		NO	Requirement to be implemented in the next period.
Provisions of CGC-BVB	Respected	Not respected	Observations
A.10. The corporate governance statement must contain information on the exact number of independent members of the Board of Directors.	YES		
A.11. The Board of Premium Category Companies must establish a nominating committee made up of non-executive members, which will lead the procedure for appointing new members to the Board and make recommendations to the Council. Most members of the nominating committee must be independent.	YES		
SECTION B – RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.1. The Board must establish an audit committee in which at least one member must be an independent non-executive director. In the case of companies in the Premium Category, the audit committee must be made up of at least three members and the majority of the members of the audit committee must be independent.	YES		
B.2. The chairman of the audit committee must be an independent non-executive member.	YES		
B.3. Within its responsibilities, the audit committee must carry out an annual evaluation of the internal control system	YES		
B.4. The evaluation must take into account the effectiveness and comprehension of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which the executive management resolves the weaknesses or weaknesses identified as a result of the control. internal and the presentation of relevant reports to the attention of the Council.	Partially		Requirement to be totally implemented in the next period.
B.5. The audit committee must evaluate conflicts of interest regarding the transactions of the company and its subsidiaries with related parties.		NO	Requirement to be totally implemented in the next period.
B.6. The audit committee must evaluate the effectiveness of the internal control system and the risk management system.		NO	Requirement to be totally implemented in the next period.
B.7. The audit committee should monitor the application of legal standards and generally accepted internal audit standards. The audit committee must receive and evaluate the reports of the internal audit team.	YES		
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic (at least annually) or ad-hoc reports which must be submitted to the Council afterwards.	YES		
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements concluded by the company with shareholders and their affiliates.	YES		

S.C. TURISM FELIX S.A. Băile Felix

The stage of compliance with the provisions of the Corporate Governance Code of B.V.B. on the date of 31 December 2020

B.10. The Board must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Council following a mandatory opinion of the Council's audit committee and correctly disclosed to the shareholders and potential investors, insofar as these transactions fall within the category of events that are subject to reporting requirements..	YES		
Provisions of CGC-BVB	Respected	Not respected	Observations
B.11. Internal audits must be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third party entity.	YES		
B.12. In order to ensure the fulfillment of the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the obligations of management to monitor and reduce risks, it must report directly to the General Manager.	YES		
SECTION C – JUST REWARD AND MOTIVATION			
C.1. The company must publish on its website the remuneration policy and include in the annual report a statement regarding the implementation of the remuneration policy during the annual period under review. Any essential change in the remuneration policy must be published in good time on the company's website.		NO	The remuneration policy of the Directors and the General Manager is the one provided for in the Management Contract.
SECTION D - ADDING VALUE THROUGH INVESTOR RELATIONS			
D.1. The company must organize an Investor Relations service - indicating to the general public the responsible person / persons or the organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	Parțial		La nivelul societății există un departament juridic care gestionează relația cu acționarii.
D.1.1. The main corporate regulations: the articles of incorporation, the procedures regarding the general meetings of the shareholders.	YES		
D.1.2. The professional CVs of the members of the management bodies of the company, other professional commitments of the members of the Board, including executive and non-executive positions in the boards of directors of companies or non-profit institutions.	YES		
D.1.3. Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information regarding non-compliance with this Code.	YES		
D.1.4. Information regarding the general meetings of the shareholders: the agenda and the information materials.	YES		
D.1.6. The name and contact details of a person who will be able to provide, upon request, relevant information.	YES		
D.1.7. Company presentations (eg, investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	Partially		The company does not present information to investors, summarizing the mandatory minimum reports.

S.C. TURISM FELIX S.A. Băile Felix

The stage of compliance with the provisions of the Corporate Governance Code of B.V.B. on the date of 31 December 2020

D.2. The company will have a policy regarding the annual distribution of dividends or other benefits to shareholders. The principles of the annual distribution policy to shareholders will be published on the company's website.		No	There is no dividend granting policy.
D.3. The company will adopt a policy regarding forecasts, whether they are made public or not. The forecasting policy will determine the frequency, the period considered and the content of the forecasts. If published, forecasts can only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website.		No	There is no forecast policy, the requirement is to be implemented in the next period.
Provisions of CGC-BVB	Respected	Not respected	Observations
D.4. The rules of the general meetings of the shareholders should not limit the participation of the shareholders in the general meetings and the exercise of their rights. Amendments to the rules will enter into force at the earliest, starting with the next shareholders meeting.	YES		
D.5. External auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	YES		
D.6. The Board will present to the annual general meeting of shareholders a brief assessment on the internal control and significant risk management systems, as well as opinions on issues subject to the decision of the general meeting.	YES		
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also attend the general meeting of shareholders, unless the President of the Council decides otherwise.	YES		
D.8. Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales level, operating profit, net profit and other relevant financial indicators, from quarter to quarter, as well as from year to year.	YES		
D.9. A company will organize at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company website on the date of the meetings / teleconferences.		NU	Requirement to be implemented in the next period.
D.10. If a society supports different forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of the society is part of its development mission and strategy, it will publish the activity policy its in this area.	Partially		The company supports artistic, sporting activities, etc., but they are not published on the company's website, and a policy will be implemented in this regard.

General manager,
ec. Serac Florian



NON-FINANCIAL STATEMENT

THE COMPANY'S ACTIVITY

General presentation

S.C. Turism Felix S.A. is registered at the Trade Register Office under the number J05/132/1991, having as unique registration code RO 108526.

It functions as a joint-stock company according to the Law no/ 31/1990 republished, including subsequent amendments and additions, having as basic activity balneary treatment, public food service and leisure activities, internal and international tourism, exploitation of thermo mineral water sources, and their distribution. The activity field stipulated at art. 5 from the Act of Incorporation of the company and according to NACE classification the main activity is Hotels and other similar accommodation facilities – NACE code 5510.

S.C. Turism Felix S.A. has been initially founded in 15.10.1990, on the structure of the former Hotels and Restaurants Complex (HRC), functioning as a joint-stock company according to the Law 31/1990 republished and the Government Decision 1041/1990, with unlimited functioning duration.

It is a publicly owned company, in conformity with the terminology provided in the Law 297/2004 regarding the capital market, being registered at the National Securities Commission in conformity with the registration certificate of securities no. 3191/04.12.2006.

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFELIX". The inventory of the shareholders and shares held by them is kept by the Central Depository according to the provisions of Law 297/2004 and of the contract no.7778/01.03.2007. On 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori București S.A.

Description of the activity

The activity object of TURISM FELIX S.A. is provided in art. 5 of the Articles of Incorporation of the company. According to the NACE classification, the main activity is Hotels and other similar accommodation facilities - NACE code 5510, consisting of balneary treatment, accommodation, public food and leisure, domestic and international tourism, exploitation of thermal mineral water sources and their distribution based on the license concession law. of exploitation of thermal waters for a period of 20 years, with the possibility of extension for successive periods of 5 years. The perimeter of exploiting the resources and reserves of thermomineral water covers the entire Felix and Băile 1 Mai area. TURISM FELIX S.A. is solely responsible for the exploitation activities of the thermal mineral water reserves, being able to transfer the exploitation right to other entities on the basis of the delivery contracts concluded with them, as long as their activities do not influence their own exploitation activities.

In carrying out its basic activity, the balneary tourism, TURISM FELIX S.A. offers packages of services, generally consisting of balneary treatment, accommodation and meals. The packages of services offered are different, depending on the specific target audience.

The basic treatment remains the classic balneary one, balneophysical and medical recovery, but at the same time the prophylaxis and wellness / leisure programs have an increasing weight. To provide medical services, TURISM FELIX S.A. it has five treatment bases (International, Thermal, Poienița, Mureș and Unirea).

The treatment services are custom and are in terms of the health affections/troubles of each tourist. The balneophysical treatment and medical recovery include medical visits (one each week) and the prescribing of a number of 2-4 therapy procedures each day are performed by consultants.

The treatment procedures include hydrotherapy, kinetotherapy, elongations, electrotherapy, aerosol inhalations, thermotherapy, aromatherapy, mesotherapy, etc., according to the doctor's recommendation. Similarly, at least a medical visit is included in the prophylaxis and wellness packages and procedures such as hydrotherapy and kinetotherapy are performed under medical surveillance.

In addition to the medical and recreation services, there are the wellness centre services from the tourism compounds Internațional, Termal and Apollo, where clients can take relaxing aromatherapy baths, jacuzzi, massage, sauna, solar bathing, saline and which dispose of fitness rooms. The wellness centre from Internațional has in addition an indoor pool with thermal water, with water beds and several hydromassage units.

For accommodation services the company owns 7 hotel structures, in single rooms, double rooms, triple rooms or apartments – total approx. 2.394 seats.

For meal services the company has seven restaurants of the category a I-a (International, Termal, Nulighthouse, poenita, Mures, Somes, The Union), each of which has 1-3 rooms and terraces designed for this purpose. To this is added the Poiana complex where a club with a capacity of 300 seats has been arranged, so that a total of about 2.892 seats are available for serving the table..

In the food services department there are also the bars from the hotels, Dark Club, the Summer Garden, the pastry shops, the ice cream parlor, as well as the area for buffet and buffet-restaurant from the Apollo-Felix Compound.

The recreation services, the most requested throughout the year, are the services offered by the recreation Compound Apollo, which include the indoor or outdoor thermal water pools, gaming areas and the wellness centre. Between May and September, in addition there are the services within the Felix swimming place – thermal water pools and swimming pools (with cold water), children's pool, mini aqua-park (water slide with five tracks), beach volley and mini-football courts. Starting with 2010 the Venus lido from Baile 1 Mai resort will be submitted to an extensive modernization process

Other touristic services offered are:

- fee-based valorification of their own touristic services through S.C. Transilvania Travel & Hotels S.A. and other tour-operators, which also ensure touristic assistance and information, organizing festive nights, trips, etc.;
- transport with their own vehicles – transfers to/from terminals, railway stations, bus stations, trips;
- renting halls for conferences and other similar events, making available the necessary equipment, etc.;
- touristic service packages for holidays or similar, such as: New Year's Eve, Christmas, Easter, 1st of May, 8th of March, Valentine's Day, etc.

Complementary to its basic activity, S.C. Turism Felix S.A. also performs other activities, which are:

- renting areas and spaces for different commercial activities or service providing based on contracts concluded with third parties;
- thermomineral water distribution to physical and legal people from Băile Felix, based on contracts;
- utility distribution (cold water, hot water, heating) to physical and legal people from Băile Felix, based on contracts, according to the prices approved by the National Regulation Authority for Public Utility Community Services or other authorities from the field

In Romania there is a significant number of tourist resorts especially oriented towards the balneary segment the best known being Băile Herculane, Sovata, Băile Olănești, Covasna, Vatra Dornei, Băile Tușnad, Ocna Șugatag, Năvodari, Sângeorz Băi, Slănic Moldova, Mangalia, Soveja. The tourist facility of these resorts is mainly formed of hotel complexes built before 1989 some of them being subject to modernization investments once taken over by various investors.

An important competitor of the company is the company SIND Romania reorganized in ventures, from which SC CSDR SIND Turism SRL and SC SIND Tour Trading SRL, that owns assets in the resort. SC SIND Romania is considered one of the most important tourism companies in Romania. It owns approximately 20.000 accommodation places (hotels, villas) especially in the two stars category from which 10% in the resort Băile Felix.

Important to mention is the fact that each resort mentioned above is specialized in the treatment of specific disease, being impossible to speak about a direct competition between them.

Another important aspect in making the competition analysis is also the category of tourist services offered by companies, with usually a well-defined segment of customers for each company which usually does not correspond to other companies. As a result we can speak about a direct competition only locally, inside the Băile Felix resort, here being mainly about the same segment of clients that are concerned about the curative properties specific to thermal waters in the resort.

It is to mention the fact that thermal water sources in the Băile Felix resort are in the property of the company following their concession by the state for a period of 20 years. le Felix se află în proprietatea societății ca urmare a concesiunii acestora de către stat pe o perioadă de 20 ani.

The main outlet market of the basic tourist products have been:

- On the Romanian market: SC Transilvania Hotels & Travel SA București as main tour operator, SC Exim Tour SRL, SC Sejur Perfect SRL, SC Bibi Touring SRL, SC International Turism&Trade SRL SC Accent Travel&Events SRL și SC Nova Travel SRL, balneary treatment addressed to the insured of the National House of Health Insurances of Bihor county.

-On the external market towards countries such as Germania, Israel, Austria etc.

-On-line reservation of hotel services

We must mention the fact that the selling of the tourist products (other than the contracts with the National House of Public Pensions and with non-tourism companies) was mostly realized through SC Transilvania Hotels & Travel SA Bucharest, the tour operator travel agency that administered the accommodation places from the hotel units and public food services from the tourism portfolio of SIF Transilvania, from which SC Turism Felix SA. is part.

The outlet market to redistribute thermal energy and waste and thermo-mineral water are juridical and natural persons from Băile Felix, due to the fact that the existing heating installation and water networks are own, being thus a captive distributor. From the beneficiaries of these deliveries, the main are: SC CSDR Sind Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, Băile Felix Recovery Hospital

Objectives

Given the economic situation at the branch level, the results are remarkable in 2020 due to the measures taken through the sales policies regarding the formation of tariffs and the cost management, of which we list:

- modernization of the tourist reception capacities through the implementation of the development strategy materialized through the realization of the investment program
- optimization of arrivals in tourist reception establishments to ensure an occupancy rate that allows operation under conditions of efficiency
- flexibility of opening hours of tourist reception establishments closely related to market segments and their seasonality
- continuous development and promotion of the service packages which led to increased customer satisfaction in conditions of economic profitability

- implementing some policies of selling of leisure services in order to attract new tourists from internal and external surrounding areas
- optimization of utilities consumption
- Effective human resource management in correlation with operational capacity at the lowest achievable cost
- Rhythmic supply and minimum stock of goods, raw materials and consumable materials
- efficient cash flow through tracking measures of the due of receivables and payables
- commitment of expenditure in correlation with the moment of realization of income developed in closely concordance with ensuring availabilities
- engaging in maintenance, repair and minimal modernization, in crisis conditions ensuring necessary comfort

RESPONSIBLE MANAGEMENT AND SUSTAINABLE STRATEGIES

Starting from the definition of sustainability, "meeting today's needs without sacrificing the ability of future generations to meet their own needs", also known as sustainable development, we emphasize the importance of such a development policy. The sustainable development policy helps the organization to avoid, reduce or control the harmful impact of its activities on the environment and the population, to comply with the applicable legal requirements and can be part of a trend that customers appreciate.

The basic pillars of sustainability are:

- increasing competitiveness through innovation and transfer of new technologies;
- environmental protection through the implementation of environmental management systems, by streamlining processes or by reducing the consumption of natural resources;
- organizational development and integration of IT in the company, through the development of IT personnel that will substantially increase the value added in the company of the department, respectively the ability to adapt to market requirements. Implementation of the integrated IT system, with competitive ERP programs, through which the management of the relationships with clients and collaborators, the economic management, the business administration is ensured;
- human resources communication and development through interactive methods and simulations of key situations.

Responsible management can be described as an attempt to maintain the balance between the interests of the whole world (people, companies, environment) for the prosperity of both the present and future generations. In order to respond to this principle, the policies adopted within the company aim to:

- minimizing the negative impact of the activities carried out on the natural and social environment;
- generating economic and social benefits of the local community;
- improving working conditions;
- conservation of natural heritage.

Through the adopted policies regarding the integrated management system quality-environment, health and occupational safety, it is a clear proof that TURISM FELIX SA takes responsibility for the importance of ensuring an organizational climate in which all those interested: employees, shareholders, customers, suppliers, community and environment be able to interact efficiently and responsibly both economically and socially.

Measures implemented within the tourist reception structures with functions of accommodation, public catering, balneary treatment and leisure, in order to prevent and combat contamination with SARS-Cov-2 virus

Felix SA has implemented all general and specific measures to prevent and combat contamination, for receiving tourists and staying in **health safety** conditions, based on **joint Orders**: issued by the Ministry of Health, Ministry of Economy and Business Environment; Ministry of Labor and Social Protection; ANSVSA; Ministry of Environment, legislation in force during the State of Alert, as well as based on the recommendations of OPTBR.

Our tourist reception structures with accommodation, food, balneary treatment and leisure functions have ISO 9001: 2015 Certification and Codex Alimentarius Certification, for the Food Quality and Safety Management System, maintained and controlled by the Supervision Audits performed by Tuv Rheinland Romania Auditors (August 2020 - External audit Tuv Rheinland).

The SMCSA documentation includes System Procedures for all processes, but also Working Instructions on sanitation operations (cleaning, disinfection with biocidal products) for all hotel spaces, food blocks, service rooms, spaces and medical equipment in the Treatment Bases, swimming pools and spaces related, Sanitation and disinfection plans, Operational registers for monitoring the sanitation-disinfection operations, related to spaces and equipment, as documented evidence.

In this context, **the additional measures** adopted by **Turism Felix SA** to prevent and combat contamination with SARS Cov 2 virus, were specified as follows:

1) Own Occupational Safety and Health Instructions have been developed and implemented to prevent and combat contamination, staff training, endowment with protective equipment specific to each job, providing disinfectant biocidal products for staff; performing the epidemiological triage for the employed staff, daily before the beginning of the program.

2) Health safety procedures have been developed to prevent and combat SARS CoV2 virus contamination for each sector of activity: hotel, public catering, balneary treatment and leisure.

3) The general and specific prevention measures have been implemented, corresponding to each sector of activity:

- carpets impregnated with disinfectant solutions were placed at all access points in the units, dispensers with biocidal disinfectant for tourists were placed in all access areas and common areas.

-plexiglass protections were placed at the hotel receptions and the receptions of the treatment bases, the physical distance lines and the traffic corridors were marked in the crowded areas.

Communication with tourists is materialized by:

*informing the tourists, by the Hotel Reception / Treatment Base regarding the prevention conduct and guiding the tourists in case of specific Covid-19 symptoms;

*displaying information / warning signs regarding the conduct in the hotel complexes regarding the infection prevention measures: wearing a protective mask in all common areas of the hotel, observing the social distance of at least 1.5 m, hand and breathing hygiene and performing heat scanning;

*updating the company's website on measures to prevent and combat contamination with the new virus.

- the **Epidemiological Triage** for tourists is performed at check-in and check-out, as well as at the entrance to the restaurant, with records in the Epidemiological Triage Sheet. Epidemiological triage is performed by **designated medical personnel**. Also at check-in and check-out, tourists complete the **Declaration at their own risk**.

- Specific instructions and monitoring registers for additional disinfection operations were developed and implemented, with a higher frequency (in correlation with the SMCSA Procedures) of the points, **contact surfaces with a high risk of contamination.**

4) The observance of the sanitary safety measures by all the units of the company is constantly verified. * Throughout the alert state, the inspectors of the control body within DSP Bihor, DSVSA Bh, OPC Bh, did not identify non-conformities / deviations from the legal provisions in force.

ENVIRONMENTAL ISSUES

Principalele activități din domeniul protecției mediului, desfășurate în anul 2020, s-au efectuat în mod planificat și organizat, în scopul prevenirii poluării, reducerii riscurilor de producere a unor incidente de mediu pe amplasamentele din cadrul societății, precum și respectarea conformității cu prevederile legale în vigoare.

Directii de actiune:

1. Monitoring regulatory acts

In order to carry out the complex activities, specific to the field of activity and to respect the legal framework of operation, TURISM FELIX SA holds the following authorizations:

- Environmental authorization for each hotel complex, for the thermal power plant and the collection and distribution of the thermal mineral water
- Authorization for water management on the company
- *The connection-discharge agreement to the city sewerage network.*

2. Assessment of compliance with the legislation in the field

A. Internal assessment

This activity was carried out by planning different types of internal inspections.

As such, following these inspections to evaluate compliance with the legislation in the field and to improve the activity, environmental protection measures have been established:

- a) in the field of the management of dangerous substances - sodium hypochlorite, the revised safety data sheets of the substances used in the treatment bases were displayed; all biocidal substances used for the disinfection operation are authorized by the National Commission for Biocidal Products;
- b) in the field of pollution prevention - training of personnel with intervention plans in case of accidental pollution;
- c) in the field of waste management - the proper labeling of the containers, the preparation of the documents related to the legislation, the proper storage of the medical waste, household, recyclable, waste - animal tissue, waste oils, ferrous and non-ferrous waste.

The company has contracts with authorized service providers:

- Eco Bihor SRL – for non-hazardous waste sanitation services: household, industrial, recyclable;
- Ecologic Solution Prod SRL- for the verification and decontamination of the fat separators and waste collection generated by the work points;
- Ecoby Impex SRL- for the collection and destruction of waste resulting from medical activities
- Alvi Serv SRL- for collecting, neutralizing products / by-products of animal origin, not intended for human consumption.

B. External assessment

In 2020, Turism Felix SA was subjected to external inspections, carried out by the control structures within the National Environmental Guard and the Romanian National Administration of Waters

C. Applies sanctions

As a result of the controls and inspections, no non-compliances were identified, no sanctions were applied, improvement measures, recommendations, as established by the control body's minutes, were established in the following areas:

- waste management;
- analysis of environmental factors;
- authorizations for water management;
- plans of intervention in case of accidental pollution;
- management and storage of hazardous chemicals.

D. Specialized reports to the authorities in the field were made monthly and quarterly reports to the authorities in the field, according to the obligations of the regulatory acts held by the company:

- regarding the Environmental Fund, the company is exempted from the payment obligation to the Administration of the Environment Fund, representing the monthly taxes for emissions of pollutants into the atmosphere and the oil introduced on the internal market, as a result of providing tourist accommodation, food, treatment and leisure services in its own structures. of reception from Băile Felix Resort, declared a Balneary Resort of national interest.

The Environmental Officer respects the provisions of Law no. 211/2011 (R 2014) - Establishing the necessary measures for the protection of the medal and the health of the population. Regarding the waste regime, they are monitored and centralized at the company level with the annual transmission of the Register of waste records to the National Agency for Environmental Protection Bihor - was monitored the waste management produced at the company level and reports were made to the authorities, according to the obligations from environmental permits;

In accordance with the requirements of the Environmental Authorizations, issued by the National Agency for Environmental Protection Bihor, the monitoring involved the systematic carrying out of measurements on the environmental factors as follows:

- carrying out measurements regarding the noise level and microclimates at the paraffin sections in the Treatment Bases;
- determination of the emissions of atmospheric pollutants emitted by the thermal power plant;
- preparation of measurement reports, environmental assessment sheets and monitoring reports.

E. Environmental protection expenses

In order to carry out the environmental protection activity properly, there were provided expenses related to the purchase of specific services and expenses related to the fees requested by the authorities. In the company's programs, the necessary environmental services were substantiated and budgeted, and environmental protection materials and products were requested.

Different types of environmental services were purchased:

- a) Contract with Public Health District Authority Bihor for:
 - physical-chemical analysis services for domestic wastewater;
 - physical-chemical and microbiological analysis services for bathing water and network water;
 - services for measuring radioactivity parameters.
 - BUI-IBAC powder determination services, at the laundry and the wood dust at the household group- Joinery
- b) Contract with DERATON SRL, for pesticide and pest control services.
- c) Preparation of the annual Program for the exploitation of the thermal mineral water, on drilling and consumers and the transmission to the National Authority of the Mining Resources of Bucharest and NAMR Oradea, for annual approval.
- d) Quarterly preparation of the Geo-Mining Report and submission to NAMR Oradea.

e) Centralization and transmission of data on utility consumption, to the National Regulatory Authority for Community Services of Public Utilities – NRACSP

F. Procedures established by the SMCSA Structure for the purpose of environmental protection

The Environment Manager, as owner of processes, respects and applies the PROCEDURES:

- Water supply: Working instruction regarding the collection of water samples from the distribution network, Water analysis records and daily water monitoring;
- Pest control, rat control, pest management: Pest and Rat Control Plan, Pest and Rat Control Registry, Register for control of cages with baits for rodent poisoning, Cage monitoring register with poisoning baits;
- Waste management, waste water: waste management register;
- Maintenance: Work instructions for the maintenance of green spaces, Register of green spaces.

QUALITY MANAGEMENT

1. THE POLICY OF TURISM FELIX SA in the field of Food Quality and Safety

TURISM FELIX SA has gained the prestige on the market of tourist services by promoting high quality standards of accommodation, food, balneary treatment and leisure services, enjoying notoriety, credibility and recognition, both nationally and internationally.

The open and sincere orientation towards the clients, the concentration of the organization's efforts for the realization of superior products and services, therefore on quality and total services, as a source of satisfying the clients' requirements and as a means of establishing lasting relationships with them, has been and represents the main objective. of quality policy. TURISM FELIX SA is positioned on the Romanian tourism market among the largest competitors.

The company's history, the experience more than relevant, the organization's ability to adapt rapidly to changes in the market, to the increasing demands of customers, by adopting the appropriate market strategies, have demonstrated an efficient management.

The preoccupation and involvement of the management at the highest level to ensure the satisfaction of the clients' requirements, was materialized by the alignment with the international standards, successfully implementing the MANAGEMENT SYSTEM FOR FOOD QUALITY AND SAFETY and obtaining the certification in 2012, according to the ISO 9001 and HACCP, as well as the re-certification in 2018, according to SR EN ISO 9001: 2015.

The management of the organization considers the satisfaction of the requirements of its clients as a fundamental and defining element for its activity, giving a special importance to the knowledge, understanding and satisfaction of the implicit and explicit requirements of the clients.

In this regard, the management at the highest level of TURISM FELIX SA, taking into account the internal and external context of the organization, the stakeholders and the strategic direction of the company, defines the quality policy, as follows:

- development of a performance management at all levels, based on quality and customer-oriented;
- the realization of products and services that comply with the quality requirements of the client and the requirements of the company, respectively the legal regulations regarding the protection of life and health, the protection of the environment;
- raising awareness of the entire staff of the company for understanding and learning the quality policy, tending towards a PROCALITY culture;
- emphasis will be placed on the continuous improvement of the human resource and on its motivation through positive staff motivation techniques;

- providing the resources necessary for the continuous functioning and improvement of the SMCSA, by analyzing its effectiveness;
- establishing and maintaining a very close connection with all customers, which will be finalized by understanding and satisfying all customers and their requirements. Gaining customer confidence in the organization's ability to consistently deliver on the promised quality. In the event of complaints, our response will be prompt to remedy the problems;
- error-free work is the most effective way of maintaining and improving quality.

The highest level management, of TURISM FELIX SA, aims as main objectives of the food quality and safety policy, which aims to create a higher value for the customer and is committed to: increasing the satisfaction of customers; increasing employee satisfaction; continuous improvement of the SMCSA, of the organization's processes.

The management of the food quality and safety system will permanently follow the requirements of all customers, respecting the applicable regulations in force and ensuring the achievement of food quality and safety objectives, for business development, ensuring material well-being and professional development of employees.

The management at the highest level of TURISM FELIX SA ensures that the food quality and safety policy: is communicated and understood by the staff, and periodically, that it is adequate for the organization's purpose and analyzed for continuous adequacy.

Maintaining and improving the company's market position, the achievement of the proposed goals, are ensured by the effectiveness and efficiency of the food quality and safety policy, a special importance will be given to all activities in order to maintain and improve food quality and safety and by assimilating the technologies on the competitive edge on an international level.

The maintenance, monitoring and continuous improvement of the food quality and safety management system will be carried out under the direct coordination of the General Manager of TURISM FELIX SA.

2. GENERAL AIMS OF THE POLICY OF TURISM FELIX SA in the field of Food Quality and Safety

They are transposed into annual objectives, specific to each TESA compartment and to each profit unit, respectively the tourist reception structures that carry out activities of accommodation, food, spa treatment, leisure. For each objective, the actual actions for implementation, the necessary resources, the responsible ones, the deadlines for implementation and the monitoring of the actions in order to achieve the objectives are established.

3. ATTRIBUTIONS AND RESPONSIBILITIES OF THE DEPARTMENT OF QUALITY MANAGEMENT

Through the organizational structure, approved by the Board of Directors of the company, the Quality Management Office is directly subordinated to the General manager of TURISM FELIX SA. The specific tasks of the Quality Management Office are fulfilled by the SMC Coordinator, the HACCP Team Coordinator and economists specialized in the Quality Management of the Accommodation and Public Food Services.

The staff employed by the Quality Management Office carry out the following tasks and responsibilities:

- controlling the application and evaluation of the effectiveness of the SMCSA within the organization;
- coordinates the elaboration and implementation of the SMC documentation, according to the requirements of SR EN ISO 9001: 2015;
- elaborates, updates the SMCSA and the main documented information: Food Quality and Safety Manual, SWOT analysis, Quality policy, Quality objectives, SMCSA procedures, ensures the dissemination and management of these documents;

- prepares and submits to the approval of the Audit Program and organizes the conduct of the control activities by carrying out the internal audit;
- ensures that SMCSA processes are established, implemented and maintained;
- is responsible for the continuous implementation, evaluation and maintenance of the effectiveness and compatibility of the SMCSA with the quality policy of the organization;
- performs periodic analysis of the effectiveness of the implementation of documents in all compartments of the organization;
- is responsible for the elaboration, application and efficiency of the control procedure of SMCSA documents;
- centralizes SMCSA data, informs top management on the effectiveness of SMCSA;
- reports to the top management on the functioning of the SMCSA and the possibilities for improvement;
- plans, organizes and participates in the SMCSA analysis sessions, carried out by the top management;
- represents the organization in relation with the third parties regarding the aspects regarding the SMCSA, intermediates the conclusion of the service provision contracts with the accredited Certification Body and with DSP Bihor, DSVSA Bihor and monitors the implementation of these contracts;
- verifies compliance with the legal framework by the profit units, regarding the maintenance of the Certificate of Classification of the tourist reception structures with accommodation and food functions, according to the Technical Norms for granting the certification, established by the Order of the National Tourism Authority No.65/2013 and No. 415/2016, as well as of the Veterinary Sanitary Authorizations, the operating authorizations, the sanitary authorizations.

4. SMCSA DOCUMENTATION

It was developed and grounded in accordance with the requirements of the standard SR EN ISO 9001: 2015, for which TURISM FELIX SA obtained the re-certification in July 2018, documentation which includes: Manual of Quality and Food Safety, Quality Policy and Objectives, SMCSA Procedures with Working Instructions , Related operational records, forms etc. The system procedures establish the responsibilities, process owners.

UNDERSTANDING THE NEEDS AND EXPECTATIONS OF INTERESTED PARTIES

Interested parties	Expectations	Risk	Measures to reduce/ cancel the risk	Objective
Top management	<ul style="list-style-type: none"> - clear legislative framework, predictability so as to ensure a high level of compliance and a minimum level of sanction - material and financial resources, ensuring a high level of performance and organizational development, as well as increasing the prestige of the organization 	<ul style="list-style-type: none"> - Unfavorable legislative changes, failure to comply with the legal framework for carrying out activities. - Shortage on the labor market of qualified 	<ul style="list-style-type: none"> - Counteracting negative influences. -Responsibility of personnel, 	<ul style="list-style-type: none"> Increasing customer satisfaction, Increased employee satisfaction, SMCSA re-certification, Continuous improvement of SMCSA.

	<ul style="list-style-type: none"> - competent, qualified personnel, dimensioned according to the activity volume - internal organizational climate based on merit, professional competence, integrity, collegiality, honesty and responsibility - provision of services to the quality prescribed by SMCSA, in accordance with the requirements of the clients. 	<p>HoReCa personnel</p> <p>Political decisions that could negatively influence the economic-financial results.</p>	<p>periodic training.</p> <ul style="list-style-type: none"> - The conclusion of partnerships with pre-university educational institutions. 	
Employees	<ul style="list-style-type: none"> - job and salary security - adequate working conditions for the performance of the job's specific tasks according to the aptitudes, competences and authority held - adequate working conditions for continuous professional development and recognition of merits 	<ul style="list-style-type: none"> -Unmotivated employees, involved in meeting the quality requirements for products and services 	<ul style="list-style-type: none"> -Ensuring a healthy and friendly environment, communicating with employees' representatives, - Ensuring professional development opportunities. 	<p>Staff training and continuous improvement.</p> <ul style="list-style-type: none"> -Preventing and eliminating customer complaints.
Clients	<ul style="list-style-type: none"> -ensuring safe, high quality and professional services - getting positive feedback from customers -stability in collaborative relationships - stability and transparency in the application of the regulations of both parties - respecting the contracts concluded - the financial stability of the organization - win-win and long-term relationships - Effective and transparent communication 	<ul style="list-style-type: none"> -Customer complaints 	<ul style="list-style-type: none"> -Response and prompt resolution of the complaint. 	<p>Credibility regarding the quality and timeliness of the services, Increasing customer satisfaction, creating lasting relationships, customer loyalty.</p>
Suppliers	<ul style="list-style-type: none"> -stability in collaborative relationships - stability and transparency in the application of the regulations of both parties - respecting the concluded contracts - the financial stability of the 	<ul style="list-style-type: none"> -Rising purchase prices - Supply of non-compliant products, delays in order fulfillment 	<ul style="list-style-type: none"> -Signing long-term contracts with evaluated and accepted suppliers -Revaluation of the supplier 	<ul style="list-style-type: none"> -Supply of raw materials, inventory items, equipment that meet the quality requirements. - Return of non-compliant

	<p>organization</p> <ul style="list-style-type: none"> - mutually beneficial relationships - Effective and transparent communication 			<p>products.</p> <ul style="list-style-type: none"> -Acceptance of the evaluated providers that achieve maximum score.
Shareholders	<ul style="list-style-type: none"> -Clearly defined strategic orientation: business development, profitability, compliance with the regulations and legislation in force; sustainability of resource use, investment policy 		<ul style="list-style-type: none"> -Open, effective communication with shareholders, developing viable and profitable strategies for long-term business development 	<ul style="list-style-type: none"> -Increased occupancy of accommodation capacity, increase in number of days / tourist, turnover and profit

EVALUAREA CONFORMITĂȚII

1) Internal assessment

This activity was performed based on the planning and carrying out of the planned internal verification and audits, according to the System Procedure „Internal Audit”, in order to evaluate: the conformity of the processes and products with the working requirements / procedures / instructions, established through the SMCSA and the effectiveness of the SMC for the achievement of the established objectives, which derive from the Company's policy in the field of Quality.

PROCESSES	OBJECTIVES	MEASURES	RISK
Quality management	<ul style="list-style-type: none"> -Maintaining in 2020 the SMCSA Recertification for the standard SR EN ISO 9001: 2015, obtained in 2018 -Maintenance, monitoring and continuous improvement of SMCSA -Reports to the top management regarding the efficiency of the SMCSA, the evaluation of the customer satisfaction degree - Maintaining the compulsory 	<ul style="list-style-type: none"> - -Preparing / updating the SMCSA documentation for the external oversight audit 2 - Maintaining and improving SMCSA processes - Evaluation of the conformity of the processes with the requirements, procedures, working instructions established within the SMCSA - Evaluation of the ability to ensure compliance with the requirements, the legal regulations in force and the contractual ones - Verifying the effectiveness of the implementation in all 	<ul style="list-style-type: none"> -Loss of SMCSA recertification causes loss of credibility among customers, employees, Travel agencies, public and the decrease in the number of tourists. Loss of competitive advantage. -Cancellation of

	<p>authorizations necessary to carry out the activities in compliance with the legal framework in force</p>	<p>compartments through internal audit actions.</p> <p>-Identification of non-conformities and application of corrective measures.</p>	<p>authorizations</p>
Human resources	<p>Ensuring the necessary qualified human resources.</p> <p>IContinuous training and improvement of operational personnel, in order to ensure the provision of services at the level of excellence</p>	<p>-personnel recruitment</p> <p>-Organization of courses to deepen the specialized knowledge, practical applications for training the skills and abilities specific to the job duties: nurse, receptionist, cook, waiter, waitress, etc.</p> <p>- Evaluation of the trainees</p>	<p>Personnel fluctuation</p> <p>Customer complaintsi</p>
Supply	<p>- Good collaboration and mutually advantageous relationships with suppliers evaluated and accepted.</p> <p>- Compliance with contractual clauses, timely delivery</p> <p>-Purchase of products that meet the quality conditions.</p>	<p>- Evaluation of suppliers according to the system procedure, acceptance of suppliers who obtain maximum score on evaluation.</p> <p>- Non-compliant product return.</p>	<p>-Supply of non-compliant products.</p> <p>- Customer complaints</p> <p>- Increasing purchase prices.</p> <p>- The bankruptcy of the supplier.</p>
Settlement-Marketing	<p>-Winning the public tender for the provision of treatment services, carried out through the CNPP</p> <p>-The increase in the occupancy rate of the accommodation capacity by 4.1% in 2019 compared to 2018 and of no. days / tourist with 7.7% compared to 2018</p> <p>- Promoting the brand, profit units, offering products and services through effective communication, attractive messages, visual identity elements, highlighting competitive advantages.</p>	<p>-Preparation of the documentation and participation in the public tenders</p> <p>- Identification of the needs, requirements, expectations of the clients</p> <p>- Creating attractive offers, diversified service packages, tailored to customer requirements, favorable price-quality ratio.</p> <p>- Elaboration of Marketing Plan, choice of forms, means of communication, appropriate techniques for promotion.</p>	<p>-Loss of a market segment</p> <p>- pensioners</p> <p>- The bankruptcy of the travel agency</p>

	- Handling customer complaints	- Prompt response to complaints received online on booking	
Investments-technical	-Increasing the degree of comfort towards customer satisfaction, through modernization works, endowments of accommodation capacities, restaurant rooms, treatment and leisure bases. - Repair and maintenance work to ensure the functioning of the technical-material base	-Realization of the investment and repair plan within the established deadlines	Failure to respect execution deadlines by the suppliers
Accommodation, public catering, treatment, wellness-spa, leisure	-Identify customer needs, requirements and prompt satisfaction - Ensuring the quality and safety of accommodation services, public food, treatment, wellness-spa, leisure. -Increasing customer satisfaction -Managing and promptly resolving customer complaints, eliminating complaints	- Efficient communication with customers, creating lasting relationships, loyalty - Observance and application of procedures, working instructions according to - Corrective actions applied, in case of non-compliance -Respecting the legislation specific to each sector of activity	Penalties for failure to comply with applicable law.
Implementation and observance of health safety measures to prevent and combat infection with Sars CoV 2 virus	Carrying out activities in conditions of health safety of staff and tourists, to prevent and combat infection.	-Elaboration and training of the personnel with the internal Working Procedures and Instructions, specific to each activity sector - Permanent verification of compliance with health safety measures (staff, tourists)	Infection of staff and / or tourists

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2) Evaluare externă

Taking into account the commitments of the declaration regarding the TURISM FELIX SA policy in the field of quality, of products and services that comply with the quality requirements of the client, the requirements of the company and the legal regulations regarding the protection of life and health, the protection of the environment and the PRO-QUALITY culture promoted by the organization, in order to create superior value for the customer and to win the trust of the customers, the top management considered the decision to implement from 2008 the Quality Management System and Food Safety. The company has obtained SMCSA Certification, according to the standard SR EN ISO 9001-2012 and the Danish standard DS 3027 E: 2022 / Codex Alimentarius.

In 2018 TURISM FELIX SA successfully obtained the SMCSA re-certification, according to SR EN ISO 9001: 2015 and DS 3027 E: 2022, which gives it a competitive advantage, a favorable image on the domestic and international tourism market.

The SMCSA re-certification for accommodation, public catering, treatment, wellness-spa and leisure services was granted by the TUV RHEINLAND ROMANIA certification body, based on the external audit conducted in May 2018.

Turism Felix SA retains its SMCSA re-certification in 2020, according to the External Audit Report no.2, prepared by Tuv Rheinland Romania.

CODE OF ETHICS AND INTEGRITY

Ethical conduct is one of the essential components of the functioning of society, and ethical foundations are the result of these inherent aspirations. We are dedicated to conducting activities correctly, based on a culture of ethics and compliance. Meeting the social needs is essential in the way we operate.

In the long term, we can successfully face the challenges of the competitive market by accepting the imperatives of moral responsibility, both as individuals and as a Company.

We can ensure the confidence of our employees, customers, shareholders, business partners, communities and each external stakeholder and we can ensure the Company's reputation through ethical conduct and full compliance with the law.

CONDUCT CRITERIA

The company has a "zero tolerance" policy for any form of conduct that contravenes the Code of Conduct or the Business Practice Directives.

Thus the company intends to prevent the occurrence of any form of conduct that contravenes the Code or the Directives on business practices and to terminate any such conduct as soon as possible after its discovery.

The company imposed several criteria of conduct as follows:

1. General conduct criteria:

- DO NOT make incorrect payments. In relation to public officials, political parties or their officials or any private / state sector worker, we never offer, do not promise, we do not grant sums or other benefits, either directly or through intermediaries, to obtain business.

- We do NOT offer, or receive gifts, payments, favors or services to / from current or potential business partners and which could be considered as influencing commercial transactions, which are not

part of the usual hospitality obligations or which are prohibited by the applicable law and which influence professional decisions.

- We do NOT conclude agreements with actual or potential competitors, in order to set or set prices or allocate products, markets, territories or customers.

- We do NOT obtain and do not share with current competitors current or future information regarding price, profit or cost limits, offers, market share, distribution practices, sales terms, customers or specific distributors.

- We do NOT act in a way that favors or benefits unfairly one client over another competing client.

2. Conduct criteria with the employees

- We select, hire and pay the staff according to their qualifications for the respective work, without discrimination based on race, religion, nationality, ethnic origin, color, gender, sexual identity, sexual orientation, age, citizenship, marital status, disability or any other feature protected by law.

- We don't exploit children

- We offer preparation, training and promotion opportunities that allow career development and hierarchical advancement for all employees of the company

- We protect the moral integrity of the employees, assuring them adequate working conditions that respect the dignity of the individual.

- We prohibit sexual harassment or any other type of harassment of the employees of the company by any person, at work or during the activities related to the company

- We eliminate any possible sources of danger at the workplace and offer employees a safe and healthy working environment, according to the laws and standards of occupational safety and health applicable through:

- a. introduction of a fully integrated system for risk and safety management and occupational health;

- b. continuous analysis of the risks and the elements of major importance in the processes and resources that must be protected;

- c. use of the best available technologies;

- d. control and updating of working methodologies;

- e. organization of communications and training initiatives.

3. Conduct criteria with the suppliers

- The basis of solid and lasting relationships with suppliers is honesty and transparency. Suppliers are business partners and it is normal for them to make a reasonable profit. We pay the same attention and apply the same treatment to all potential suppliers. The decisions are based on objective criteria such as price and quality as well as the seriousness and integrity of the trader. It is strictly forbidden to offer or receive hidden commissions, bribes or other similar payments. According to the SMCSA documentation, the "Supplier Evaluation" procedure is applied, which is performed on the basis of predetermined criteria, the Suppliers Evaluation Sheet form is completed, depending on the score obtained, the List of accepted suppliers and the List of unaccepted suppliers are completed. supplier evaluation (with default weights), are:

- a. the existence of the resources, properly documented, including regarding the financial assets, as well as the organizational structures, the planning of the capacities and the resources, the know-how, etc .;

- b. the existence and actual implementation of adequate quality systems (eg ISO / HACCP);

- c. the quality of the products / services;

- d. the price of the products / services;

- e. providing the obligatory accompanying documents;

- f. compliance with the established delivery terms;
- g. response to the requested corrective actions.
- we DO NOT knowingly violate the intellectual property rights of others.
- We respect the trade secrets or private information of others.

4. Conduct criteria with the company

- We respect and apply all the legal provisions specific to the company's activities. We DO NOT stop at the letter of the law but we conform to its spirit.

- The company is committed to protecting the environment. The environmental strategy is based on the realization of investments and activities that are in accordance with the principles of sustainable development:

a. contracts with professional environmental institutions and associations;

b. environmental management systems that are certified by the ISO 14001 standard and are aimed at achieving continuous improvement of services and the organization of environmental services;

c. a system of periodic reporting of environmental data, aim to ensure the control of the performance levels of the different economic activities;

d. activities aimed to increase responsibility for environmental protection and public health, preparation and training employees for this purpose.

- We do NOT fund political parties or candidates or their representatives, nor do we sponsor conventions or festivals whose sole purpose is political propaganda;

- We do NOT pay contributions to organizations with which we may have conflicts of interest;

5. Conduct criteria with the clients

- We build lasting relationships with our clients, based on mutual trust and respect, proving solicitude, fairness, politeness, professionalism.

- We undertake to guarantee the quality and safety of our products and services, according to:

* the quality prescribed by the SMCSA documentation (certified according to SR EN ISO 9001: 2015);

* the legal provisions in force;

* according to the clients' demands and expectations, in order to satisfy their needs

- We undertake to respond promptly to all notifications, complaints and requests made by customers, either by direct response or by rapid means of communication (booking, e-mail, fax, telephone). According to the system procedure, handling customer complaints, answers to online complaints are transmitted to customers within 24 hours, online complaints are monitored (identification, registration, investigation, protective actions, settlement).

- By means of research-investigation methods of marketing information (opinion questionnaires, booking evaluations), it is determined the degree of customer satisfaction with the way they perceive the quality of the products and services they have benefited. The results of the research are information necessary for the management of the company in order to make decisions regarding the improvement of the quality of our products and services.

COMBATING CORRUPTION AND BRIBERY

The internal policy regarding ensuring compliance with the regulations in this area concerns the following topics:

-anti-competitive practices;

- the fight against corruption;
- gift policies;
- conflict of interest.

Conflicts of interest may arise when personal interests conflict with the ability to perform the duties of service correctly and efficiently. As far as possible, the relationships or activities that may affect or seem to affect the ability to make objective and correct decisions when performing activities on behalf of the Company are avoided.

When integrating any new employee, the requirements regarding the expected behaviors regarding the issues listed above are presented and explained. Our employees have clear limitations regarding the acceptance of gifts, services and benefits of any kind from suppliers or customers for the purpose of favoring certain commercial transactions. They are authorized to accept or offer gifts and invitations that are appropriate in the given circumstances, subject to limitations, approvals and registration requirements, defined by internal orders. Under no circumstances may cash or equivalent gifts be offered or received. In the business relations that the Company has with public and state institutions, our employees do not ask for and do not accept gifts, services, favors, invitations or any other advantages, which are intended for them personally and which can influence their impartiality in the exercise of their position.

STAFF ISSUES

The success of an organization is determined by the performance of its people.

Through the human resources policy, the company carries out the recruitment, selection, employment and retention of the best professionals on the labor market, which comply with the mandatory criteria regarding the hiring of personnel and the professional training in tourist reception structures with functions of accommodation, public food , treatment and recreation and to ensure the necessary human resources for carrying out the activity in good conditions, in order to produce products and services, which satisfy the quality requirements of the clients and in accordance with the quality prescribed by the SMCSA documentation.

The human resources strategy is an integral part of the business strategy and aims, through the way of managing human resources: organization, recruitment, selection, through the annual training and improvement plans, annual staff evaluations, obtaining professional performances and personal development of each employee.

We strive to ensure the trained and motivated workforce, which will contribute, through the continuous improvement of the individual and team performances, to the achievement of the Company's objectives. Each team member is important and can create additional value, which is why we always try to have the right man, at the right place.

Through the organizational culture Turism Felix SA promotes the true values: quality, seriousness, performance, values that are implemented in the steps of continuous improvement of processes, activities, quality of products and services offered to customers.

The Company's responsibility towards its employees means ensuring a safe and healthy working environment, offering professional and personal development opportunities, conducting a permanent dialogue to monitor the degree of satisfaction and their expectations.

Each employee has the responsibility to maintain a safe and healthy workplace for all employees, following the regulations and practices of work and health protection, accident reporting, injuries, equipment, as well as reporting unsafe practices and conditions.

The main strategic directions for occupational health and safety management that the Company aims and commits to achieve are: the prevention and continuous reduction of the risks of accidents and occupational disease, the creation of the conditions necessary for the continuous

improvement of the occupational health and safety performances and the involvement of all for achieving the proposed objectives.

At the end of 2020, compared to the year 2019, the personnel structure by type of activity is as follows:

No.	Expenses on employees	Actual no. of employees		Share in the total employees	
		2019	2020	2019	2020
1.	Total employees hotel complexes and leisure activities, from which	650	596	81,05	80,32
	- accommodation structures	190	179	23,69	24,12
	- public food service	287	250	35,79	33,69
	- leisure activities	32	36	3,99	4,85
	- treatment facilities	141	131	17,58	17,66
2.	Maintenance employees, reparations, transport, auxiliary, production	90	87	11,22	11,73
3.	TESA employees	62	59	7,73	7,95
4.	Total of employees	802	742	100,00	100,00

From the data presented above results the fact that the number of employees in 2020 has decreased with 7,48% respectively 60 employees. At level of the hotel complexes and leisure activities the number of employees has registered the following situation:

- accommodation structures → the number of employees decreased with 5,79 %
- public food services → the number of employees decreased with 12,89 %
- leisure activities → the number of employees increased with 12,50 %
- treatment → the number of employees decreased with 7,09 %

From the total of employees (742 salaried), 37,86% are men (281 salaried) and 62,13% are women (461 salaried)).

On age categories, the situation of the personnel is the following: the age group between 50-59 predominates with a number of 211 salaried, and the first four age groups (up to 45 years old) include a number of 335 salaried representing 45,15% from the total of salaried.

In what concerns qualification, formation, instruction and training of employees, there is a number of 15 salaried who have qualified, trained, instructed and completed their studies.

At the level of hotel complexes there are professional training courses done, both in the serving space, production and in the accommodation and treatment spaces, by the company's personnel and the managers of the jobs and the salaried from the Quality Office.

The training is based on the themes from the Training Plan, appendix to the Collective Labor Agreement and are emphasized in the training's confirmation forms.

Also, in the medical field, the staff participated in training courses on various medical topics: "Assertive communication with patients", "News in the approach to osteoporosis", "Stress management techniques and restoring inner balance", "Waste management in units medical" etc.

New Conventions were concluded and the students from Dual Education, respectively from Partenie Cosma Economic High School, Mihai Viteazul Technical College, Traian Vuia Technical College, for the professions of: waiter, cook, hotel worker, continued their professional training. The students were rewarded with scholarships worth 200 lei per month.

The total value of the expenses with their scholarships (including settled subscriptions) in 2020 amounting to 71,133 lei.

Shortly, the Company's personnel's structure is thus presented:

Structure of the personnel	Average number
average number associated to financial year 2020	727
1. managing personnel - total, <i>out of which</i> :	37
- executive directors	3
- T.E.S.A. managing personnel – office chiefs	6
- managing personnel from hotel complexes and leisure activities	26
- managing personnel from auxiliary sectors	2
2. executive personnel - total, <i>out of which</i> :	690
- T.E.S.A. executive personnel	48
- executive personnel from hotel complexes and leisure activities - total, <i>out of</i>	432
a) hotel receptionists	21
b) maids	59
c) administrators: bar tenders, administrator cooks, barkeepers, administrator	26
d) cooks	53
e) waiters	62
f) kitchen workers: waiter helpers (unqualified)	52
g) kitchen workers: cook helpers (unqualified)	31
h) porters	34
i) other personnel	94
- executive personnel in auxiliary sectors	97
- executive personnel from the treatment facility	113

The average number of personnel, related to the financial year of 2020, is 727 people, of which 37 management and 690 executives.

There aren't any and signaled conflicting elements that can negatively affect the labor relations at the company level.

The company recognizes and supports the freedom of association, the right to form and join a trade union and the right to collective bargaining. At the company level, in the labor relations regarding elements of a union nature, the interests of the personnel are represented by the employees' representatives. The management of the Company meets regularly with the employees' representatives to discuss issues related to the human resources policy, results and strategies and priorities for the next period.

All activities carried out with various official institutions, members of the local community are maintained at the top management level. We are involved in the development of the community and we have carried out different social actions, promoting etc of the local activities.

The company pays particular attention to avoiding any kind of discrimination (for example, on the basis of sex) regarding the remuneration offered for a certain position at equivalent levels of individual performance.

Our employment criteria are based exclusively on the skills, motivation and experience required to perform various tasks within the Company. Employment opportunities are not conditioned by race, nationality, religion, gender, sexual orientation, disability, political affiliation or other opinions or beliefs as long as they are peaceful and tolerant.

We reject any behavior of harassment and sexual harassment by a person or submission of a person. Social responsibility also involves promoting diversity, non-discrimination, equal opportunities for all.

FINANCIAL BENEFITS GIVEN ACCORDING TO CLA

Short-term benefits

The short-term employee benefits obligations are not updated and are recognized in the statement of comprehensive income as the related service is provided.

Also, for staff retention, there are accessed health insurance, risk and accident insurance programs, supported in part, as the case may be.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term employee benefits are recognized as an expense when the services are provided.

The Company recognizes a provision for the amounts expected to be paid by way of short-term cash premiums or schemes for the participation of staff in profit, provided that the Company currently has a legal or implicit obligation to pay those amounts as a result of the past services provided by the employees and whether the obligation can be reliably estimated.

Determined contribution plans

The company makes payments on behalf of its employees to the Romanian state pension system, to the health and social insurance system, during the normal activity. All related contributions are recognized in the profit or loss account of the period when they are made. The company has no additional obligations.

Long-term employee benefits

The net obligation of the Company regarding the benefits related to the long-term services is represented by the value of the future benefits that the employees have gained in exchange for the services provided by them during the current period and in previous periods.

The company is not engaged in any independent pension system or other post-retirement benefits system and has no other obligations in this regard. The company has no obligation to grant employees benefits on the date of retirement.

INTERNAL CONTROL AND RISK MANAGEMENT

Ensuring responsible management from both the environmental, social, personal and control point of view of all the activities carried out in the company and the management of the associated risks is emphasized on the further development of the internal control environment at the company level.

Within the company there is a specialized department called "financial", subordinated to the economic director, made up of 4 employees, the head of the department having as main specific attributions: overseeing the accounting operations of the departments, especially the financial control systems and maintaining a financial control system on the accounting transactions.

Also, the company has an IMS department (integrated management system), which is subordinated to specialized departments for quality assurance and control, occupational health and safety.

Within the company, the internal audit function is outsourced and is carried out in accordance with the applicable legal requirements, respecting the international audit standards approved by the

Chamber of Financial Auditors in Romania. The tasks of the internal audit in relation to the financial reporting process include:

- checking the compliance of the company's activities with its policies, programs and management, in accordance with the legal provisions;
- evaluating the adequacy and application of financial and non-financial controls in order to increase the efficiency of the economic entity's activity;
- protecting the balance sheet and off-balance sheet assets and identifying the methods of preventing fraud and losses of any kind.

The management of the company is controlled by its shareholders and by the external financial auditor, according to the legal regulations valid in Romania.

RISK MANAGEMENT

The notion of "risk" is closely linked to that of "control", fully demonstrating its effectiveness.

The strategic requirements, regarding the safety and the continuity in operation, determine the company to approach the risk management, by identifying and treating the potential losses before the generating events take place, with the preparation in advance of the specific technical, operational and financial solutions to counter these possible losses.

In addition to the risks mentioned in the previous points, other types of risks have been identified, among which:

Operational risks

The results and activity of the Company may be influenced by specific operational risks, including the following:

- degradation of materials / goods due to inadequate storage spaces;
- escalation of the criminal phenomenon of theft of valuable materials / goods.

The level of operational risk of goods degradation is a risk with low tolerability, which required measures to verify and control the management and a continuous verification of the services provided.

The level of operational risk analyzed was low, it is a risk with low tolerability for which short-term measures have been established to keep it under control.

Personnel and salary system risk

The personnel risk represents that in the future, the company will face an increasing lack of qualified personnel due to the departures of the employees for natural and social causes.

In 2019, given the economic context, the migration of the labor force, the lack of skilled labor force, the company has focused all the attention on the retention of the qualified personnel, but also on the training of the new employees. Thus, in order to maintain within the company the qualifications necessary to ensure the services in the company's portfolio, personal recruitment activities have been carried out in order to provide vocational training in deficient jobs on the labor market.

The level of this analyzed risk was medium, it is a risk with high tolerability for which the measures for keeping it under control are established in the medium and long term through the personnel policy and the monitoring of personnel fluctuations (inputs / outputs in / out of the company).

Credit risk

Credit risk is the risk that the company will incur a financial loss as a result of the breach of contractual obligations by a client or a counter-party to a financial instrument, and this risk mainly results from trade receivables, cash and cash equivalents and short-term investments of the society.

The company has commercial relations only with recognized third parties, which justifies the financing during the period of the loan (advances), values that are guaranteed through different forms of guarantee.

The financial assets that may subject the Company to the collection risk are mainly trade receivables, cash and cash equivalents and short-term investments. The amount of net receivables (without impairment adjustments) represents the maximum amount exposed to the collection risk.

Given the general economic context, the level of this analyzed risk was an average one, for which the company applies special measures to keep it under control (monitoring the collection of commercial receivables, notifying the remaining clients, calculating penalties according to the contractual clauses, acting in court. bad clients).

Interest rate risk

The interest rate risk at fair value is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at the market rate, therefore their fair values are considered to be not significantly different from accounting values.

Liquidity risk

The liquidity risk is managed by the management of the company by applying a policy of permanent assurance of the financial liquidity at maturity. This is a risk with a high tolerability for which the measures designed to keep it under control are reduced by closely monitoring the exposure to liquidity risk, maintaining sufficient cash and available credit lines. The company aims to maintain flexibility in financing possibilities through the support of the majority shareholder.

Exchange rate risk

The company may be exposed to fluctuations in the exchange rate through cash and cash equivalents, foreign currency receivables, long-term loans or commercial debt denominated in foreign currency.

The functional currency of the Company is the Romanian leu. Currently, the company is exposed to currency risk through cash and cash equivalents, as well as through purchases made in a currency other than the functional currency. The currencies that expose the Company to this risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in lei, at the exchange rate from the balance sheet date, communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account, but they do not affect the cash flow until the liquidation of the debt. The exposure of the company to the currency risk was insignificant, the risk considered tolerable. Due to the associated costs, the Company's policy is not to use financial derivatives to mitigate this risk

Risks regarding shares

From the point of view of the value of the transactions carried out or of the market capitalization, the Bucharest Stock Exchange can be considered a small stock exchange, compared to other exchanges in the world, thus there are risks related to the reduced liquidity of the market, as well as the high volatility of the price of the traded shares.

The reduced liquidity of the market can determine the impossibility of buying or selling shares of the Company without having a significant impact on the share price, thus generating a high volatility of the stock price.

The risk caused by the correlation with the evolution of the global market

The events on the global financial market have a direct, but also indirect impact on the evolution of the Romanian economy, a fact reflected in the evolution of the Romanian capital market in recent years. Therefore, developments worldwide affect both the activity of the company and its evolution on the capital market.

Legislative risk

The results of the company's initiatives are difficult to anticipate and may suffer from the legal instability in Romania. The frequent modification of the normative acts, including those that have a direct impact on the activity of the company, can generate risks for the society.

The level of this analyzed legislative risk was high, it is a risk with medium tolerability for which measures have been established to keep it under its control through continuous participation in information and specialized courses.

The risk related to the regulatory framework and authorizations

The main activity of the company, involves obtaining and renewing the authorizations that regulate the activity of the Company, obtaining the authorizations, approvals and certificates necessary for the activity carried out.

The level of risk determined by the regulatory and authorization framework analyzed was average, it is an intolerable risk for which urgent measures have been established to keep it under control by monitoring the expiry dates of the respective authorizations / notices / certification and making the requests for their renewal.

Litigation risks

The company is the subject of a number of court actions resulting in the normal course of activity (commercial disputes and tax obligations). The level of risk is a small one, with low tolerability, the management of the Company considering that these actions will not have a significant adverse effect on the economic results and financial position of the Company.

NON-FINANCIAL PERFORMANCE INDICATORS

These indicators represent performance measurement tools, which determine how well the company uses resources, mainly for:

- efficiency of internal activity;
- providing external services for clients;
- fulfillment of legal requirements.

Non-financial performance indicators are usually derived from company policy, customer satisfaction level, market share of the company.

In the analysis of the tourist activity's main indicators for the year 2020, the first analysed indicator is the places' occupancy rate (the average using index of the functioning capacity), which at the level of 2020 was of 54,94% being with 12,12 percentage points lower than in 2019 (when it was 67,06%).

The occupancy rate of the places indicates the efficiency of the use of the accommodation capacities in operation, in this sense it is worth mentioning the fact that in 2020 the accommodation capacities in operation were lower than in 2019 by 23.30%, respectively 4,591 places.

Accommodation capacities are usually closed during periods of low demand (in the off-season, quarters I and IV), but in 2020 they were also closed due to measures imposed by the authorities to limit the spread of Covid.

These reasons, together with the maintaining of the average length of stay, have determined in 2020 the realization of an average occupancy rate of the functioning places lower than in 2019.

In what concerns the realized total tourist days, in 2020 a decrease of 45,67% (172,664 tourist days) was registered, compared to 2019:

- the decrease of the number of tourist days with 45,67 (172.664 tourist days), from 378,173 tourist days in 2019 to 205.509 tourist days in 2020;

- total tourist day realized in 2020 have reached 205.509 tourist days, from which tourist days realized by Romanian citizens were 204.315 and those realized by foreigners were 1.194 tourist days.

As structure, in 2020 compared to 2019 the following modifications were registered at tourist days categories:

- the decrease of the number of tourist days on the 4*; from 75.729 in 2019 to 40.124 in 2020 (47,02%, 35.605 tourist days)

- the decrease of the number of tourist days on the 3* tourist accommodation segment; from 178.261 in 2019 to 104.408 in 2020 (41,43%, 73.853 tourist days)

- de 2* the decrease of the number of tourist days on the 2* tourist accommodation segment; from 124.183 in 2019 to 60.977 in 2020 (50,90% 63.206 tourist days).

- the average income/ tourist-day in 2020 is of 261,91 lei lei, higher with 15,77 lei compared to the previous year(246,14 lei) in the conditions of the decrease of the tourist-days.

- It has decreased the number of foreigners' tourist-days with 89,17% that is with 9.834 tourist days;

- It has remained at the same level the average length of stay of 5,39 days, but decreased more sharply for foreign tourists from 1.77 days in 2019 to 1.21 days in 2020, the increase of 0.03 days for Romanian tourists offset the decrease in the average stay of foreign tourists;

The total number of tourists has decreased from 70.161 in 2019 to 38.098 in 2020 , the decrease being of 32.063 tourists, respectively 45,69%.

The market share of S.C. Felix Tourism S.A. in the balneary tourist activity in Romania in 2019 was 7.88% (as number of tourists), lower than in the previous year when it was 8.25%.

Regarding overnight stays (tourist days), the company had a share of 8.98% in 2018, increasing compared to the previous year when it held 7.99% on the domestic balneary tourism market.

The accommodation capacity held by the company represents 4.87% of the total existing accommodation capacity in Romania on the segment of balneary resorts / spas.

Market shares are calculated based on available statistical data, provided by the National Institute of Statistics through the Statistical Breviary - Tourism of Romania 2019, respectively 2018, which presents statistical information for 2018 - 2019.

The company's policy regarding the increase of the number of arrived tourists was based on direct contracts, which generated the increase on the relationship of organized domestic tourism. These figures place S.C. Felix Tourism S.A. on an important position in health tourism in Romania.

Managing director,
ec. Florian SERAC

Chief accountant,
ec. Marcel POPA



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Capital social subscris și vărsat: 49.614.945,60 lei



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STATEMENT OF FINANCIAL POSITION On the 31.12.2020

Note: presentation IFSR year 2019 withdrawn

- lei

	Nota	31.dec.19	31.dec.19R	31.dec.20
Assets				
Non-current assets				
Tangible assets	1	172.407.746	172.407.746	196.109.673
Intangible assets	2	545.265	545.265	411.578
Property investments	3	315.741	315.741	348.490
Financial assets	4	39.820.673	14.641.330	11.528.606
Total non-current assets		213.089.424	187.910.081	208.398.347
Currents assets				
Stocks	5	1.366.773	1.366.773	1.472.276
Commercial receivables	6	3.430.734	3.430.734	3.563.529
Other receivables	7	4.965.721	4.965.721	2.578.743
Receivables with current profit tax	21	68.082	68.082	76.967
Short term investments	8	2.607.701	2.607.701	1.542.551
Cash and equivalent in cash	8	16.374.813	16.374.813	6.002.594
Total current assets		28.813.823	28.813.823	15.236.660
Total assets		241.903.247	216.723.904	223.635.007
Ownership equities and liabilities				
Ownership equities				
Share capital	9	49.614.946	49.614.946	49.614.946
Other elements of ownership equities	9.1	0	-33.271.676	-38.708.593
Retained earnings	10	20.951.649	20.951.649	24.613.570
Reserves	11	136.395.407	136.395.407	161.101.300
Own shares	11.1	0	0	-1.978.887
Current earnings	12	14.21.525	14.211.525	462.885
Distribution of profit	12	-140.146	-140.146	-6.693
Total ownership equities		221.033.381	187.761.705	195.098.528
Non-current payables				
Deferred income tax liabilities	21	0	8.092.334	10.416.527
Long term loans	13	759.308	759.308	390.677
Other long and medium term loans	14	1.273.948	1.273.948	1.389.407
Total non-current payables		2.033.256	10.125.590	12.196.610



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(continuation)

	Nota	31.dec.19	31.dec.19R	- lei 31.dec.20
Current payables				
Commercial payables	15	10.258.810	10.258.810	5.671.197
Short term loans	16.1	0	0	2.688.135
Current taxes	16	1.442.666	1.442.666	1.463.923
Debts with specific tax	21	174.194	174.194	6.114
Other debts	17	6.960.939	6.960.939	6.510.500
Total current payables		18.836.609	18.836.609	16.339.869
Total payables		20.869.865	28.962.199	28.536.479
Total liabilities		241.903.247	216.723.904	223.635.007

Managing director,
ec. Serac Florian

CHIEF ACCOUNTANT,
ec. Popa Marcel



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**THE SITUATION OF PROFIT OR LOSS AND
OTHER ELEMENTS OF THE GLOBAL RESULT
on 31.12.2020**

Note: Presentation of IFRS year 2019 withdrawn

- lei

	Nota	31.12.2019	31.12.2019R	31.12.2020
Incomes from services	18	56.721.046	56.721.046	33.891.433
Incomes from sale of goods	18	36.364.046	36.364.046	19.934.026
Other incomes	18	380.397	380.397	530.150
		<hr/>	<hr/>	<hr/>
		93.465.489	93.465.489	54.355.610
Operating expenses	19	56.858.308	56.858.308	37.813.028
The cost of sold goods	19	11.407.513	11.407.513	6.894.751
Other expenses	19	10.870.758	10.870.758	8.280.126
		<hr/>	<hr/>	<hr/>
		79.136.579	79.136.579	52.987.906
Operating earnings		14.328.910	14.328.910	1.367.704
Financial incomes	20	783.942	783.942	193.846
Financial expenses	20	99.942	99.942	907.895
Profit before tax		15.012.910	15.012.910	653.655
corporate tax	21	452.997	452.997	57.284
Expenses with deferred corporate tax	21	0	0	0
Expenses with specific tax	21	348.388	348.388	133.486
Gross profit afferent to the period		14.211.525	14.211.525	462.885
Other elements of the global earnings				
<i>Items that cannot be subsequently classified as profit or loss:</i>				
Increases / decreases in the revaluation of financial assets recognized at fair value through other elements of the global result		0	-21.150.648	-23.765.336
Increases / decreases of the reserve from the revaluation of tangible fixed assets, net of deferred tax		0	-12.121.028	-14.943.257
Total Other elements of the global earnings		0	-33.271.676	-38.708.593
Total global earnings afferent to the period		14.211.525	-19.060.152	-38.245.708
Earnings per share				
Earnings per basic share (expressed in lei per share)		0,0286	0.0286	0,0009

**MANAGING DIRECTOR,
ec. Serac Florian**

**CHIEF ACCOUNTANT,
ec. Popa Marcel**



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Subscribed and paid capital: 49.614.945,60 lei



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The situation of changes of own capital on 31.12.2020

- lei

Name of the element	Share capital	Other equity items	Revaluation reserves	Other reserves	Own shares	Retained earnings	Current income	Total
Balance on 01st January 2020	49.614.946	0	75.756.428	60.638.979	0	20.951.649	14.071.379	221.033.381
Profit or loss	0	0	0	7.066.963	-1.978.887	7.011.110	-13.615.187	-1.516.002
- Retained earnings transfer			0			14.071.379	-14.071.379	0
-income of current financial year			0			0	462.885	462.885
- retained earnings distribution – other reserves				7.060.270		-7.060.270		0
- current earning distribution				6.693			-6.693	0
- repurchase of own shares					-1.978.887			-1.978.887
Other elements of the global income	0	-38.708.593	17.638.930	0	0	1.661.921	0	19.407.742
- surplus from re-evaluation			-1.661.921			1.661.921	0	0
- net tax revaluation reserves		-14.943.257	19.300.850					4.357.594
- net tax revaluation reserves - change in the fair value of tax-net financial investments	0	-23765.336	0	0		0	0	-23.765.336
Transactions with owners	0	0	0	0	0	-5.011.109	0	-5.011.109
- granted dividends	0	0	0	0	0	-5.011.109	0	-5.011.109
Balance on 31st December 2020	49.614.946	-38.708.593	93.395.358	67.705.942	-1.978.887	24.613.570	456.192	195.098.528

MANAGING DIRECTOR,
ec. Serac Florian

CHIEF ACCOUNTANT,
ec. Popa Marcel



CASH-FLOW STATEMENT On 31.12.2020

	2019	2020
		- lei
Operational activity cash-flow		
Net profit before tax and extraordinary elements	14.211.525	462.885
<i>Adjustments concerning calculated incomes and expenditures (non-monetary), for:</i>		
(+) - Adjustments with depreciation of (in)tangible assets (depreciations and provisions)	6.262.918	6.552.004
(+) - Adjustments with depreciation of risks and expenditures (provisions)	-359.274	-374.485
- Other non-monetary incomes	-381.572	-95.166
- Other non-monetary expenditures	6.365	41.623
(+) - Deferred tax expenditures	0	0
(-) - Deferred tax incomes	0	0
- Expend. and incomes arising from conversion and evaluation of exchange rate differences	15.705	147.451
<i>Adjustments of incomes and expenditures not related to operational activities, for:</i>		
(-) - Financial incomes (interests, exchange rate diff. and dividends)	-783.941	193.846
- Financial expenditures (interests and exchange rate diff.)	99.942	251.502
- Other financial expenditures	0	656.393
(-) - Expenditures (calculated) and incomes arising from selling of assets	0	-197.232
(-) - Incomes (calculated) from investments grants	0	0
(-) - Incomes and expenditures not related to operational activities	0	0
Operational profit before changes of working capital	18.971.668	7.251.129
(-) - Decrease / (Increase) inventories variation	-136.445	-105.503
(-) - Decrease / (Increase) variation of trade receivables, expend. in advance	2.970.698	2.254.183
- Decrease / Increase (variation) of payables to suppliers and incomes in advance	-2.630.785	-3.343.908
(-) - Decrease / Increase (variation) of short term financial investments	-197.196	1.065.150
Cash generated from operational activities	18.977.939	7.121.051
(-) - Paid interests	0	-33.397
(-) - Paid dividends	-4.527.973	-4.906.741
(+) - Receipts from interests	12.622	3.313
(+) - Receipts from dividends	687.082	119.879
- Financial expenditures (exchange rate differences)	-13.665	-218.105
- Financial incomes (exchange rate differences)	84.237	70.654
(-) - Paid income tax	-850.790	-134.251
Net cash resulted from operational activities	14.369.453	2.022.402
Cash-flow resulted from investment activities		
(-) - Shares purchase payments	0	-1.978.887
(-) - Assets purchase payments	-14.751.147	-13.579.013
(+) - Incomes from assets assignment	0	359.686
(+) - Receipts from interests	0	0
(+) - Receipts from dividends	0	0
Net cash-flow resulted from investment activities	-14.751.147	-15.198.214



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(continuare)

	2019	2020
		- lei
Cash-flow resulted from financing activities		
(+) - Receipts from loans	0	2.688.135
(-) - Payments concerning the reimbursement of loans	0	0
(+) - Variation of debts related to financing operations	174.909	115.458
Cash-flow resulted from financing activities	174.909	2.803.593
Net increase / (decrease) of cash flow and cash equivalent	-206.785	-10.372.219
- Expenditures arising from conversion and evaluation of exchange rate differences	0	0
(+) differences	0	0
(-) - Incomes arising from conversion and evaluation of exchange rate differences	0	0
Cash flow and cash equivalent at the beginning of the period	16.581.598	16.374.813
Cash flow and cash equivalent at the end of the period	16.374.813	6.002.594

MANAGING DIRECTOR,
ec. Serac Florian

CHIEF ACCOUNTANT,
ec. Popa Marcel

POLICIES AND PRESENTATION NOTES PERTAINING TO INDIVIDUAL FINANCIAL STATEMENTS On the 31st December 2020

A. OVERVIEW

Reporting entity

The individual financial statements are presented by S.C. TURISM FELIX S.A., with headquarters in Băile Felix, Sânmartin community, Bihor county. The company performs its activity in Romania and is not included on other geographical markets.

S.C. Turism Felix S.A. is registered with the Trade Register Office under number J05/132/1991, with unique taxpayer reference no. RO 108526.

The company operates as a joint-stock company according to Law no. 31/1990 republished, with further modifications and additions, having as activity balneotherapy, public food service and recreation, internal and international tourism, exploitation and distribution of termomineral water sources. The object of activity is provided in art. 5 from the Articles of Incorporation of the company and according to the NACE classification, the main activity is HOTELS AND SIMILAR ACCOMMODATION – Nace code 5510.

S.C. TURISM FELIX S.A. was initially founded on 15.10.1990 on the structure of the former Hotel and Restaurant Compound (HRC), also operating as joint-stock company according to Law 31/1990 republished and Government order no. 1041/1990, with unlimited duration.

It is a public limited company according to the terms provided in Law 297/2004 regarding the capital market and is registered at the National Council of Real Estate according to the real estate registration certificate no. 3191/04.12.2006.

From 1997 and during 2006, the company shares have been registered and have transacted on the RASDAQ stock market, with the symbol "TUFE". The record of shareholders has been kept from 2009 by the Central Depository (former REGISCO) according to contract no. 7778/01.03.2007. On 19.02.2007, the company has been approved for transactions on the regulated market managed by the .S.C. Bursa de Valori București S.A.

The group from which the Company is part of as related party is S.I.F. TRANSILVANIA S.A. The head office of S.I.F. TRANSILVANIA S.A. is: Brașov, Nicolae Iorga str. no. 2, Brașov county. The financial statements of SIF Transilvania SA can be acquired from its head office.

Definition of activity

The object of activity of S.C. TURISM FELIX S.A. is provided in art. 5 from the Articles of Incorporation of the company. According to the NACE classification, its main activity is Hotels and other accommodation, NACE code 5510, including balneotherapy, accommodation, public food service and recreation, internal and international tourism, exploitation and distribution of termomineral water resources and their distribution based on the license of the right to exploit thermal spring waters on a period of 20 years with the possibility of extending on consecutive periods of 5 years. The exploitation area of the termomineral water resources and provisions includes the entire Felix and Băile 1 Mai area. S.C. TURISM FELIX S.A. is solely responsible for the exploitation activities of the termomineral water provisions and it can lease the right to exploit to other entities based on the delivery contracts concluded with them as long as their activities do not influence their own exploitation activities.

Services

During the performance of its basic activity, balneary tourism, S.C. TURISM FELIX S.A. offers service packages generally formed of balneotherapy, accommodation and meals. The services packages offered are different in terms of the target public whom they are addressed.

The basic **treatment** remains the classical balneotherapy, balneo-physical therapy and medical recovery, but in the same time prophylaxis and wellness/recreation programs are more and more popular. In order to ensure medical services, S.C. TURISM FELIX S.A. has five treatment units (Internațional, Termal, Poienița, Mureș and Unirea).

The treatment services are custom and are in terms of the health affections/troubles of each tourist. The balneophysical treatment and medical recovery include medical visits (one each week) and the prescribing of a number of 2-4 therapy procedures each day are performed by consultants.

The treatment procedures include hydrotherapy, kinetotherapy, elongations, electrotherapy, aerosol inhalations, thermotherapy, aromatherapy, mesotherapy, etc., according to the doctor's recommendation. Similarly, at least a medical visit is included in the prophylaxis and wellness packages and procedures such as hydrotherapy and kinetotherapy are performed under medical surveillance.

In addition to the medical service package, there are clinical investigation offices (laboratory, ultrasound, radiogram).

In addition to the medical and recreation services, there are **the wellness centre services** from the tourism compounds Internațional, Termal and Apollo, where clients can take relaxing aromatherapy baths, jacuzzi, massage, sauna, solar bathing, saline and which dispose of fitness rooms. The wellness centre from Internațional has in addition an indoor pool with thermal water, with water beds and several hydromassage units.

The accommodation services are insured by the 7 hotels, in single, double, triple rooms or apartments – in total approx. 2.376 spaces.

The food services are offered in seven 1st class restaurants (Internațional, Termal, Nufărul, Poienița, Mureș, Someș, Unirea), each having 1-3 parlours and roof-tops built for this purpose. In addition to them, there is the Poiana compound where a club with a capacity of 300 seats has been built, therefore there are approximately 2.892 spaces to serve meals.

In the food services department there are also the bars from the hotels, Dark Club, the Summer Garden, the pastry shops, the ice cream parlor, as well as the area for buffet and buffet-restaurant from the Apollo-Felix Compound.

The recreation services, the most requested throughout the year, are the services offered by the recreation Compound Apollo, which include the indoor or outdoor thermal water pools, gaming areas and the wellness centre.

Between May and September, in addition there are the services within the Felix swimming place – thermal water pools and swimming pools (with cold water), children's pool, mini aqua-

park (water slide with five tracks), beach volley and mini-football courts.

Starting with 2019 the Venus lido from Baile 1 Mai resort will be submitted to an extensive modernization process.

Other touristic services offered are:

- fee-based valorification of their own touristic services through S.C. Transilvania Travel & Hotels S.A. and other tour-operators, which also ensure touristic assistance and information, organizing festive nights, trips, etc.;
- transport with their own vehicles – transfers to/from terminals, railway stations, bus stations, trips;
- renting halls for conferences and other similar events, making available the necessary equipment, etc.;
- touristic service packages for holidays or similar, such as: New Year's Eve, Christmas, Easter, 1st of May, 8th of March, Valentine's Day, etc.

Other activities

Complementary to its basic activity, S.C. Turism Felix S.A. also performs other activities, which are:

- renting areas and spaces for different commercial activities or service providing based on contracts concluded with third parties;
- termomineral water distribution to physical and legal people from Băile Felix, based on contracts;
- utility distribution (cold water, hot water, heating) to physical and legal people from Băile Felix, based on contracts, according to the prices approved by the National Regulation Authority for Public Utility Community Services or other authorities from the field.

B. ACCOUNTING PRINCIPLES AND POLICIES

1. Conformity declaration

The financial statements have been concluded according to the International Financial Reporting Standards as adopted by the European Union. The first Individual Financial Statements of the company concluded according to the IFRS 1 requirements have been published in 2013 along with the financial statements in 31.12.2012. The date of transition to the International Financial Reporting Standards was 1st of January 2011, for which reason the Company presented complete financial statements on 31st of December 2011 and 31st of December 2012. The accounting records of the Company have been kept in lei, according to the Romanian Accounting Regulations (RAR). The accounts have been renegotiated to reflect the differences between accounts according to the Romanian Accounting Regulations ("RAR") and the ones according to the International Financial Reporting Standards adopted by the European Union ("IFRS"). Correspondingly, the accounts are adjusted according to RAR where necessary in order to pay the individual financial statements in all significant aspects with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

The most important modifications brought to the first financial statements concluded according to the RAR in order to meet the requirements of the International Financial Reporting Standards as adopted by the European Union ("IFRS") are:

- reclassification of more elements in larger categories;
- adjustments of asset elements, debts and equities according to IAS 29 requirements – "Financial reporting in hyper-inflationary economies" due to the fact that the Romanian

economy had been an hyper-inflationary economy until 31st of December 2003;

- fair value adjustments and adjustments for the depreciation of the financial asset value according to IAS 39 – “Financial instruments: recognition and evaluation”;

- real estate investment adjustments for their evaluation at fair value according to IAS 40 – “Real estate investments”;

- adjustments for the recognition of claims and debts regarding the deferred income tax (according to IAS 12 – “Corporate tax” and the presentation requirements according to the International Financial Reporting Standards adopted by the European Union (“IFRS”).

For the financial year 2020, the individual annual financial statements have been concluded according to the Order of the Ministry of Public Finance no. 2844/2016 by applying the International Financial Reporting Standards “IFRS”, with further modifications and additions.

The annual accounting reports from 31.12.2020 are according to the reporting regulations regarding entities whose real estate is approved by transaction on a regulated market which applies the Accounting regulations according to the International Financial Reporting Standards provided in art. 1.1 from addendum 3 to the Order of the Ministry of Public Finance no. 58/2021 regarding the main aspects related to the elaboration and registration of annual financial statements and annual accounting reports of business operators to the territory divisions of the Ministry of Public Finance.

2. Presentation of financial statements

The individual financial statements are presented according to the requirements of IAS 1 – “Presentation of financial statements”. The company has adopted a presentation based on liquidity within the statement of financial position and a presentation of the income and expenses on positions within the global result statement, taking in consideration that these methods of presentation offer information which is credible and more relevant than the one which would have been presented based on other methods approved by IAS 1.

The individual financial statements concluded on 31.12.2020 include:

- *Statement of financial position*
- *Profit or loss statement and other elements of the global result*
- *Equity modify statement*
- *Treasury flow statement*
- *Additional data regarding the individual financial statements given in the Explanatory Notes*
- *The comparative situation regarding the restatement of 2019 included in the explanatory notes*

Following the application of the provisions of ISFR 9 Financial Instruments, the company reclassified the financial assets measured at fair value through other items of comprehensive income and as a result restated the items in the financial statements as at 31.12.2019.

Changes in fair value are recognized in other comprehensive income until the investment is derecognised or impaired when the cumulative gain or loss is reclassified from other comprehensive income to a deferred income statement for the period.

The company considers that the correct determination of fair value is an essential requirement for the presentation of useful information for investors and key personnel of the company, in order to make appropriate decisions. In accordance with IAS 1 (39), when an entity reclassifies / restates / applies a retrospective accounting policy to the items in its financial statements, it must present at least three statements of financial position, two statements in each other category and the related notes. . In the event of a change in accounting policies and a correction of errors relating to prior periods, the balance sheet for the period preceding the reporting period shall not be changed.

3. Functional currency

The Company Board believes that the functional currency, as defined by IAS 21 – “The effects of the exchange rate variation” is the Romanian leu (RON), this is the currency of the main economic environment in which the company performs its activity and best reflects the economic impact of transactions and events on the entity. The individual financial statements are presented in lei, rounded to the closest leu, currency chosen by the Company as presentation currency.

4. Basis for the valuation

The individual financial statements are concluded using the cost principle except for the financial instruments which are reevaluated at fair value. The fair value principle is applied with the exception of assets or debts for which the fair value has not been credibly set.

Evaluation of assets and debts has been performed as such:

- The stocks are evaluated at the lowest value between cost and net realizable value.
- Tangible assets are initially evaluated
 - at purchase cost, for the ones purchased with onerous title;
 - at equity value, for the ones received as equity in kind to the elaboration/increase of share capital;
 - at fair value from the date of acquisition, for the ones received on a free basis

For further recognition, the reevaluation pattern has been adopted within the company.

- The non-corporate assets have been initially evaluated in terms of cost. After recognition, the non-corporate assets are accounted based on the cost based model, meaning their cost minus any accumulated amortization and any loss from cumulated depreciation.
- The cash and cash equivalents are presented in the balance in terms of cost.
- The financial assets and debts are initially recognized at their fair value plus, in case of a financial asset or debt which is not at fair value by profit or loss, the costs of transaction which may be directly assigned to the purchase or issue.
- Financial assets are measured at fair value through other comprehensive income if the financial asset is held in a business model whose purpose is to achieve both the collection of contractual cash flows and the sale of financial assets and the contractual terms of the financial asset, give rise to cash flows which are exclusively payments of principal and interest on the value of principal due;

After initial recognition, the financial assets are recognized at fair value through a reserve account (reserves from the fair value evaluation) within the equity without any decrease of transaction costs except for the loans and claims which are evaluated at amortized cost using the effective interest method.

After initial recognition, the financial debt is evaluated at amortized cost using the effective interest method.

Other financial assets and debt, as well as the non-financial assets and debt are presented at amortized cost, reevaluated value or historical cost.

5. Use of estimates and judgments

Preparing the individual financial statements according to the International Financial Reporting Standards as adopted by the European Union (“IFRS”) implies that the board of directors will use estimations, assessments and assumptions which affect the application of accounting policies as well as the reported value of assets, debt, income and expenses. The assessments and assumptions related to these estimations are based on the historical experience as well as other

factors considered reasonable in the context of these estimations. The results of these estimations form the base of assessments related to the accounting value of assets and debt which cannot be acquired from other information sources.

The estimations and assumptions on which they are based are revised periodically. The revisions of the accounting estimations are recognized in the period when the estimation is revised, if the revision affects only the respective period or in the period when the estimation is revised and the future periods if the revision affects the current period and the future periods.

In its nature, modifying the estimations is not related to the previous periods and does not represent error correction.

Except for the presentation method of the estimation modify effect from above; if such a modification creates other modifications of assets and debts or stocks, the modification effect will be presented by adjusting the assets, debts or equities during the modification.

6. Significant accounting policies

The accounting policies have been consistently applied on all the periods presented in the individual financial statements concluded by the Company. The individual financial statements are concluded based on the assumption that the Company will continue the activity in the predictable future. In order to evaluate the usability of this assumption, the board analyses the forecast regarding the future cash entries.

If a standard or interpretation is specifically applied to a transaction, to another event or condition, the accounting policies applied to that element are deemed chosen by applying the standard or respective interpretation taking in consideration any implementation guide issued by IASB for the respective standard or interpretation.

The accounting policies are consistently applied to transactions, events and other similar conditions, except when a standard or an interpretation requires or requires classification on categories, for which there can be applied policies different from the previous ones.

The significant errors of the previous periods discovered regarding the recognition, evaluation, presentation or description of the elements of the financial statements must be corrected in retrospective in the first set of statements which are authorized for issue by:

- renegotiation of comparison values of the previous period or periods in which the error has occurred; or
- renegotiation of initial balance of assets, debt and equities for the farthest period presented if the error has occurred before the farthest former period presented.

a) Conversion in foreign currency

Reference currency

The elements included in the individual financial statements are evaluated in the national currency, the Romanian leu (RON), currency which reflects precisely the economic substance of the events of the Individual financial statements is presented in Romanian lei (RON), being the reference currency of S.C. TURISM FELIX S.A.

Transactions and balances

The operations in quotations are registered in accounting, in quotations, as well as in lei (RON).

The conversion of transactions from a foreign currency in Romanian lei (RON) is performed based on the exchange rate in effect on the date of the transactions.

The cash, claims and debt registered in another currency than the Romanian leu, which exist in the balance at the end of the financial year, are evaluated at the exchange rate reported by N.B.R. for the last banking day of the year.

The earnings and losses from the exchange differences from the clearing of transactions performed in other currencies and from the conversion of monetary assets and liabilities expressed in foreign currency are recognized in the profit and loss account within the financial result, except when they are registered, according to the law, in equities as insurance instruments against treasury flow risks.

The conversion differences pertaining to the debentures and to other monetary financial assets evaluated at fair value are included in the earnings or losses from the exchange rate differences. The conversion differences pertaining to the non-monetary elements, as well as shareholding titles, are reported as such:

- a) As part of the earning or loss from the adjustment at fair value, for shareholding titles owned for transaction;
- b) Included in the reevaluation reserve from the equities, for shareholding titles available for sale.

The exchange rates of the main foreign currencies were (lei):

currency	– lei	
	31 December 2020	31 December 2019
Euro (EUR)	4,8694	4,7793
American dollar (USD)	3,9660	4,2608

b) Branches and related entities

The branches are entities under the control of the Company, the control is when the Company has the power to directly or indirectly lead the financial and operational policies of an entity to acquire benefits from its activity.

During control evaluation, the potential or convertible voting rights exercisable at the time are taken in consideration.

The related entities are those companies in which the company can exercise a significant influence, but not control over the financial and operational policies.

The company has classified in these individual financial statements the shareholdings in related entities as financial assets evaluated at fair value with the losses and earnings recognized in the profit or loss account according to ISFR 9.

The list of related entities is found in note 4 to the individual financial situations.

c) Account of hyperinflation effect

According to IAS 29 – “Financial reporting in hyper-inflationary economies”, the financial statements of a entity whose functional currency is the currency of a hyper-inflationary economy must be presented in the current measure unit on the date of the conclusion of the balance (the non-monetary elements are renegotiated using a general index of prices from the acquisition or contribution date). According to IAS 29 – “Financial reporting in hyper-inflationary economies”, an economy is deemed hyper-inflationary if, besides other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the features of the economic environment from Romania indicate the fact that the economy whose functional currency has been adopted by the Company is no longer hyper-inflationary affecting the financial periods starting from 1st of January 2004. Therefore, the provisions of IAS 29 have been adopted in concluding the individual financial statements until 31st of December 2003.

Therefore, the values expressed in the current measure unit on 31st of December 2003 are considered the base for the accounting values reported in the individual financial statements and do not represent evaluated values, replacement costs or any other measure of the current value of assets or prices to the transactions which may take place at this time.

In order to conclude the individual financial statements, the Company has adjusted the following non-monetary elements to be expressed in the current measure unit on 31st of December 2003:

- share capital
- other reserves

The corporate and non-corporate assets are presented at fair value as cost assumed at reevaluated value on 31st of December 2020.

d) Cash and cash equivalents

The cash and cash equivalents are presented in the balance in terms of cost. In order to conclude the cash flow statements, the cash and cash equivalents include the house, the bank accounts, including the deposits with expiration in 3 months or less, cash in transit, other short-term financial investments with a high level of liquidity with expiration in three months or less and the overdraft facilities. In the accounting balance, the overdraft facilities are recognized as current debt within loans.

e) Assets and financial debt

Classification

The company classifies the financial instruments owned in the following categories:

1. Assets or financial debt evaluated at fair value through the profit and loss account

The short-term claims represent assets of the company resulted following transactions with legal or physical people, relations from which the Company has delivered goods, has performed a service or work and for which it has to receive a value equivalent or a counter-performance on a period up to one year.

According to the International Accounting Standard IAS 39 – “Financial instruments: Recognition and evaluation”, the claims of the company represent the financial assets created by the Company by providing goods or performing services directly to a debtor, other than the ones initiated with the intention to be sold immediately or on short term, which must be classified as retained for transactions.

The short-term debt comes from transactions with physical or legal people (purchase of goods, works or services, use of work force, payment of contributions and taxes etc.), in which the company has to make a payment or counter-performance in a period up to one year.

The International Accounting Standard IAS 1 – “Presentation of Financial Statements” classifies a debt as current debt when: (1) it has to be paid in the normal course of the exploitation cycle; or (2) is contingent in 12 months after the date of the balance. The commercial debts must be classified as current, regardless of their expiration.

The claims and commercial debt are presented according to IAS 1 in the structure of the balance. It is stated that the assets and financial debt must be presented separately. They must be recognized only when the company enters a contract and, in conclusion, has the legal right to receive cash or, respectively, has the legal obligation to pay.

This category includes financial assets or debts owned for transaction and financial instruments classified at fair value through the profit and loss account at the moment of the initial recognition. An asset or a financial debt is classified in this category if it has been purchased mainly for speculation or if it has been appointed to this category by the Company board.

2. Investments owned until expiration

The investments owned until expiration represent those non-derived financial assets with fixed or determinable payments and fixed expiration, which the Company has the firm intention

and the capacity to keep until expiration. The investments owned until expiration are measured at amortized cost through the effective debt method minus losses from depreciation.

3. Credits and claims

The credits and claims are non-derived financial assets with fixed or determinable payments which are not quoted on an active market, other than the ones which the Company intends to sell immediately or in the near future.

4. Financial assets available for sale

The financial assets available for sale are those financial assets which are not classified as credits and claims, investments owned until expiration, or financial assets at fair value through the profit and loss account.

Following the initial recognition, the financial assets available for sale for which there exists an active market are measured at fair value and the fair value modifications, other than the depreciation losses, as well as the earnings and losses resulted from the exchange rate variation pertaining to the monetary elements available for sale, are directly recognized in the equities. When the asset is derecognized, the earning or accumulated loss is transferred in the profit and loss account.

5. Value-added financial assets measured at fair value through other comprehensive income

When an entity recognizes a financial asset for the first time, it classifies it based on the entity's business model for managing the asset and the contractual characteristics of the cash flow of the asset, as follows.

Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold the assets for the collection of contractual cash flows; and
- the contractual conditions of the financial asset give rise to dates specified in the cash flows which are only capital payments and interest for the outstanding amount of capital.

Fair value through other income from comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved both by collecting contractual cash flows and by selling assets financial.

Fair value through other comprehensive income - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When and only when an entity changes its business model for managing financial assets, it must reclassify all affected financial assets.

An entity may irrevocably designate a financial asset or liability that would otherwise be measured at amortized cost or fair value through other comprehensive income that would be measured at fair value through profit or loss if it eliminated or reduced. significant measurement or recognition inconsistency (sometimes referred to as "accounting mismatch") or otherwise results in more relevant information.

Recognition

The assets and debts are recognized on the date of the clearing, respectively the date on which the respective instrument is delivered to the Company or by the Company.

The assets and financial debt are measured at the moment of the initial recognition at fair value plus the directly appointed transaction costs, except for the investments in shares whose fair value could not be credibly determined and are initially recognized in terms of cost.

Evaluation at amortized cost

The amortized cost of an asset or financial debt represents the value to which the asset or financial debt is measured by initial recognition, except the principal payments, to which the amortization accumulated until the respective moment is added or from which it is subtracted using the effective debt method, except the decreases pertaining to the depreciation losses.

Evaluation at fair value

The fair value is the amount to which an asset may be transacted or a debt may be cleared, between interested parties and in full knowledge, within a transaction performed in objective conditions at the date of evaluation.

The determination of fair value of assets and financial debt is based on the quotations on an active market. A financial instrument has an active market if for that instrument quoted prices are available immediately and regularly and these prices reflect market transactions made regularly in objective conditions.

The financial assets available for sale for which there is no active market and for which the credible determination of a fair value is not available are evaluated in terms of cost and are periodically tested for value depreciation.

For all the other financial instruments, the fair value is determined using evaluation techniques. The evaluation methods include techniques based on the net effective value, the updated cash flow method, the method of comparison with similar instruments for which there is a noticeable price and other evaluation methods.

Identification and evaluation of value depreciation

Financial assets measured at depreciated cost

On the date of each accounting balance, the company analyzes if there are objective signs that a financial asset or a group of financial assets is depreciated. A financial asset or a group of financial assets is depreciated if and only if there are objective signs regarding the depreciation occurred as result of one or many events taken place after the initial recognition of the asset ("loss producing event"), and the event or the events which produce losses have an impact on the future cash flows of the financial asset or the Company owns the financial assets which can be credibly estimated.

If there are objective signs that a loss occurred from the depreciation of the financial assets measured at amortized cost, then the loss is measured as difference between the accounting value of the asset and the updated value of the future cash flows using the effective interest rate of the financial asset at the initial moment.

If a financial asset measured at amortized cost has a variable interest rate, the update rate for the evaluation of any amortization loss is the current variable interest rate, specified in the contract. The accounting value of the asset is reduced by using a provisions account. The value depreciation expense is recognized in the profit and loss account.

If in the following period, an event which took place after the moment of the depreciation recognition determines the decrease of loss from depreciation, the loss from the depreciation previously recognized is restarted directly or by adjusting a provision account. The decrease of the loss from depreciation is recognized in the profit and loss account.

Financial assets available for sale

The company evaluates on the date of each balance if there is objective proof that a financial asset or a group of financial assets is depreciated. In the case of capital investments classified as available for sale, a significant or extended decrease of the fair value of the share below its cost is taken in consideration to determine if the assets are depreciated.

In case there is such proof for the financial assets available for sale, the accumulated loss – measured as difference between the purchase cost and the current fair value, minus any depreciation loss for that financial asset previously recognized in profit or loss is eliminated from other income of the global result and recognized in the profit account. The depreciation losses

recognized in the profit and loss account and within the equity instruments are not dissolved from the profit and loss account.

In case in a following period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurred after the loss has been recognized in profit or loss, the depreciation loss is poured through the profit and loss account.

Given the inherent limitations of the applied methods and the significant uncertainty of the evaluation of assets on the local market, the assessments of the Company can be significantly revised after the date of the approval of financial statements.

Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expire or when the Company has transferred the rights to receive the contractual cash flows pertaining to that financial asset in a transaction in which it significantly transfers all the risks and benefits of the ownership right.

Any interest in the transferred financial assets retained by the Company or created for the Company is separately recognized as an asset or debt.

The company derecognizes a financial debt when the contractual obligations have been met or when the contractual obligations are cancelled or expire.

f) Real estate investments

Recognition

A real estate investment is recognized as asset if and only if:

- it is likely that a future economic benefit related to the element enters the entity;
- the cost of the asset can be credibly determined.

Evaluation

Initial evaluation

A real estate investment is initially evaluated in terms of cost, including the transaction costs. The cost of a purchased real estate investment is comprised of its purchase price plus any directly assigned expenses (for example, the professional fees for the legal service provision, the real estate transfer taxes and other transaction costs). The model based on cost is specified in IAS 16 – “Corporate assets” and states that a real estate investment should be evaluated after the initial evaluation at depreciated cost, except any accumulated loss from depreciation.

The value of the real estate investments of the Company on 1st of January 2020, 31st is detailed in Note 3.

Further evaluation

The accounting policy of the Company regarding the further evaluation of real estate investments is the model based on cost applying the provisions of IAS 16 – “Corporate assets”. This policy is applied uniformly to all real estate investments. If they meet the conditions for classification for sale, they will be evaluated according to the provisions of IFRS 5 – “Real estate assets owned for sale and interrupted activities”

Transfers

The transfers to or from real estate investments are made when and only when there is modification in the use of the respective asset. In order to transfer a real estate investment evaluated at fair value to corporate assets, the implicit cost of the asset for its further accounting will be its fair value from the date of the modification of use.

Depreciation

The same accounting policies also apply for corporate assets.

Derecognition

The accounting value of a real estate investment is derecognized at transfer or when the investment is ultimately withdrawn from use and no future economic benefits are expected from its cease. The earnings or losses resulted from the cassation or sale of a real estate investment are recognized in the profit or loss account when this is invalidated or sold.

g) Tangible assets

Recognition and evaluation

Corporate assets recognized as assets are initially evaluated in terms of cost by the Company. Corporate assets are initially evaluated at purchase cost (for the ones purchased with onerous title), to input value (for the ones received in kind to the formation/increase of the share capital), respectively at fair value on the date of acquirement (for the ones received on a free basis).

The cost of a corporate immobilization element is formed of the purchase price, including irreclaimable taxes, after inference of any price decrease of commercial use and any cost which can be directly assigned to the bringing of the asset in the necessary location and condition in order to be used for the desired purpose of leading, such as: expenses with employees which directly result from the formation or acquisition of the asset, cost for site establishment, initial delivery and handling costs, installation and assembly costs, professional fees.

According to IFRS 1, if an entity uses the fair value as assumed cost for a corporate immobilization element, a real estate investment or a non-corporate immobilization in the opening statement of the financial position, the first financial statements of an entity concluded according to the International Financial Reporting Standards must present for each element from the opening statement of the financial position according to the International Financial Reporting Standards:

- the aggregated value of those fair values; and
- the aggregated adjustment of accounting values reported according to the accounting principles

The value of corporate assets of the Company from 31st of December 2019 and 31st of December 2020 is detailed in Note 1.

For further recognition, the reevaluation model has been adopted within the company. The value of the reevaluated goods is its fair value on the date of reevaluation minus any further accumulated amortization and any loss accumulated from depreciation. Revaluations must be made regularly so as the accounting value does not significantly differ from what would have been set by using the fair value at the date of the balance. Revaluations are performed by ANEVAR certified independent evaluators. The reevaluated value (extra) is substituted to the purchase cost. The extra differences from reevaluation are reflected in accounting to other elements of the global result and accumulated in the equity with surplus title from reevaluation (except when the increase compensates a decrease from the previous reevaluation of the same asset previously recognized in profit or loss, in which case the increase is directly recognized in profit or loss)

The differences in minus from reevaluation are recognized in profit or loss (except when the increase compensates a previous decrease from reevaluation, accumulated in the equities as surplus from reevaluation, in which case the decrease is recognized in other elements of the global result, reducing the surplus from reevaluation).

The surplus from reevaluation included in the equities pertaining to a corporate assets element is directly transferred in the reported result when the asset is derecognized. This implies the transfer of the entire surplus when the asset is withdrawn or assigned. The transfers from the

reevaluation surplus in the reported result are not performed from profit or loss and are submitted if necessary to potential limitations for distribution to shareholders.

The amounts paid or to be paid, generated by the daily repairs and maintenance of corporate assets owned are registered as company expenses according to the commitment accounting, correspondingly influencing the profit and loss account of the period.

The amounts paid or to be paid, generated by operations which lead to value and/or lifetime increase by modernizing the corporate assets owned, respectively these operations which lead to a significant improvement of technical parameters, to a growth in the potential of generating some economic benefits from them, are capitalized (correspondingly increase the accounting value of the respective asset).

Amortization

The amortization expenses for each period are recognized in profit and loss if they are not included in the accounting value of another asset. The amortization is calculated at accounting value (the purchase cost or the reevaluated value), using the straight-line amortization method, during the estimated useful lifetime of the assets and is included monthly in the company expenses.

The amortization of an asset starts when it is available for use, meaning when it is in the location and necessary state to function in the manner desired by the board.

The amortization of an asset ceases earliest on the date when the asset is classified as owned for sale (or included in a group destined for assignment which is classified as owned for sale), according to IFRS – 5 “Long-term assets owned for sale” and on the date in which the asset is derecognized. Therefore, amortization ceases when the asset is not used or removed from use, except when it is completely amortized. Nevertheless, according to the amortization methods based on use, amortization expenses can be “zero” when there is no production.

Each part of a corporate immobilization element with a significant cost in comparison to the total cost of the element must be separately amortized. The residual value and useful lifetime of an asset must be revised at least at the end of every financial year.

If expectations differ from other previous estimations, the modification (modifications) must be accounted as modification of accounting estimation, according to IAS 8 – “Accounting policies, modifications of accounting estimations and errors”. Lands do not depreciate; the depreciation of other tangible goods is calculated using the straight line method, assigning costs pertaining to the residual value according to the pertaining lifetime.

The current lifetime pertaining to corporate assets:

- | | | |
|---|--|------------|
| • | Constructions | 8-60 years |
| • | Technical installations and machines | 3-18 years |
| • | Other installations, machines, furniture | 3-18 years |

Depreciation

An asset is depreciated when its accounting value exceeds its reclaimable value.

With each date of reporting, the entity must verify if there are signs of asset depreciation.

If such signs are identified, the entity must estimate the reclaimable value of the asset.

If the accounting value of an asset is reduced following a reevaluation, this decrease must be recognized as profit or loss. Nevertheless, the decrease must be recognized in other elements of the global result if the reevaluation surplus presents a credit balance for that asset. The decrease recognized in other elements of the global result reduces the amount accumulated in the equities with surplus title from reevaluation.

Derecognition

The accounting value of a corporate immobilization element must be derecognized:

- at transfer; or
- when no future economic benefit is expected from its use or assignment.

The earnings or loss which results from the derecognition of a corporate immobilization element must be included in the profit or loss when the element is derecognized. The earnings are not classified as income.

h) Non-corporate assets

Recognition and evaluation

In order to recognize an asset as a non-corporate immobilization asset, the entity must demonstrate that the respective element meets the following:

a) definition of a non-corporate immobilization respectively:

- is separable, meaning it can be separated or divided by the entity and sold, transferred, authorized, leased or changed, individually or along with a contract, an asset or a correspondence debt; or

- it derives from contractual rights or of other legal nature, regardless if those rights are transferable or separable from the entity or from other rights and obligations.

b) recognition criteria, respectively:

- it is likely that the future economic anticipated benefits will be assigned for immobilization to return to the entity; and

- the cost of a immobilization can be reliably evaluated

A non-corporate asset must be initially evaluated in terms of cost.

The cost of a non-corporate asset separately owned is formed of:

a) its purchase price, including import customs duty and the non-refundable purchase taxes, after the subtraction of discounts and commercial deductions; and

b) any cost directly assigned to the preparing of the asset for the anticipated use.

For a non-corporate asset acquired on a free basis, or for a symbolic counter-performance, by means of a govern subvention, the entity initially recognizes the asset at nominal value plus any expenses, directly assignable to the preparing of the asset for desired use.

According to the general accepted regulations, non-corporate assets cannot be acquired by asset exchange, they are considered separate deliveries.

he value of the company's non-corporate assets on 31 December 2019 and 31 December 2020 is detailed in note 2.

Amortization

Expense pertaining to patents, trademarks and licenses is capitalized and amortized based on the straight-line method during their lifetime, which however cannot exceed 5 years.

The duration for the medium amortization of non-corporate assets is of 3-5 years.

i) Stocks

Stocks are evaluated at the minimum value between cost and net effective value, according to IAS 2 – "Stocks".

The cost of the stocks includes all the purchase costs, the conversion costs, as well as other costs borne in order to bring the stocks in the state and location where they are found. This is determined by the first inflow-first outflow method (FIFO).

The cost of the finished products and products in progress includes raw material, direct expenses with the workforce, other direct expenses and the appropriate overhead expenses (in terms of normal operational capacity), except the loan expenses. The net effective value represents the sale price estimated during the normal performance of the activity, except the finishing and sale expenses. The stock cost includes the transfers from equities of earnings/losses resulted from the insurance instruments against risks related to cash flows pertaining to stock

purchase.

The value of the Company's inventories at December 31, 2019 and December 31, 2020 is detailed in Note 5.

j) Depreciation of assets, other than financial

The accounting value of the Company assets which are not of financial nature, other than the assets of deferred income taxes, are revised each report in order to identify the existence of depreciation signs. If there are such signs, the reclaimable value of the respective assets is estimated.

A loss from depreciation is recognized when the accounting value of the asset or its unit generating cash exceeds the reclaimable value of the asset or the cash generating unit. A cash generating unit is the smallest identifiable group which generates cash and independently from other assets and assets groups has the capacity to generate cash flows. The losses from depreciation are recognized in the global result statement. The recoverable value of an asset or a cash flow generating unit is the maximum between the value of use and its fair value, except the costs for the sale of that asset or unit.

In order to determine the value of use, the future cash flows are updated using an update rate before taxing which reflects the current market conditions and the specific risks of the respective asset.

The losses from depreciation recognized in the previous periods are evaluated each report to determine if they have decreased and do not exist any more. The loss from depreciation is restarted if a change has occurred in the estimations used to determine the recovering value. The loss from depreciation is restarted only when the accounting value of the asset does not exceed the accounting value which may have been calculated, net amortization and depreciation value, if the loss from depreciation might have not been recognized.

k) Dividends

Dividends pertaining to ordinary shares are recognized as debt by shareholders in financial statements in the period in which they are approved by the company shareholders. The available profit for allocation is the profit of the year registered in the financial statements concluded according to the International Financial Reporting Standards.

l) Provisions

Provisions are uncertain debts in terms of time or value.

Provisions are recognized when the Company has a legal present obligation or an implicit obligation following certain past events and when it is likely that resource consumption is necessary to meet the obligation. Furthermore, a reliable estimation of the quantum of this obligation must be possible. If the Company expects a partial or full refund of expenses which are necessary for the clearing of a provision (ex: through insurance contracts), it is required:

a) to recognize a reimbursement only if it sure that it will be made if the company meets its obligations, and the sum recognized as reimbursement will not exceed the provision;

b) to recognize the sum reimbursed as a separate asset. In the global result statement, the expense pertaining to a provision can be presented after the recognized value of the reimbursement has been decreased.

The provisions are reanalyzed at the end of the reporting period and are adjusted so as to reflect the best current estimation. If the resource outflow which includes economic benefits is not possible anymore, the provision must be canceled. Provisions for costs which are not borne for the performance of future activities are not recognized.

The company registers provisions for onerous contracts when the estimated benefits acquired from a contract are less than the inevitable expenses related to the meeting of contractual obligations.

The provisions for risks and expenses are recognized when the company has a legal or implicit obligation resulted from past events, when for the clearing of the obligation a resource outflow is necessary, which includes economic benefits and a credible estimation can be made regarding the value of the obligation.

m) Incomes

The income registered by the Company is accounted in terms of its nature (exploitation, financial).

When the result of a transaction which implies service provision cannot be reliably estimated, the income must be recognized only in the limit of recognized expenses which can be recovered. The service provision expenses are registered in accounting as they are made. The service provision includes also work execution and any other operation which may be considered goods delivery. For recognition the economical benefits related to the transaction are required to be generated for the company, the final stage of the transaction at the end of the period and the costs borne for the transaction, as well as the ones for the completion of the transaction are required to be reliably evaluated.

Income from the sale of goods are recognized when the significant risks and benefits pertaining to the ownership right have been transferred to the buyer, the company does not manage the goods nor has control over them. The income and expenses which are related to the same transaction are recognized simultaneously.

The income must be evaluated at the fair value of the counter-performance received or to be received. If the transaction is financial, the fair value is determined by updating all the amounts to be received in the future, using an implicit interest rate, the difference from the accounting value is income from interest.

The amounts collected on the behalf of third parties, such as sale taxes, taxes for goods and services and value added taxes are not economic benefits generated for the entity and do not have as result growths of equities. Therefore, they are excluded from incomes. Similarly, in case of a mandate contract, the gross inflow of economic benefits include the amounts collected on the behalf of the mandator and which do not result in growths of equities of the entity. The amounts collected on the behalf of the mandator do not represent income. Instead, the income is represented by the value of the fees.

The income and interest expenses are recognized using the effective interest method proportionally with the relevant period of time, based on the principle and on the effective rate during the period until expiration or during short periods if this period is related to transaction costs, when it is set that the company will acquire such income. When the unpaid interest has been accumulated before purchasing an interest investment, the future interest cashes are allocated between the pre-purchase and post-purchase periods; only the post-purchase period is recognized as income.

Income from financial assets, respectively the equities to be received from entities to which the company owns stakes, is recognized in the financial statements of the Company on the date in which the Company's right to receive this income is set.

The nominal value of shares which are received on a free basis is also registered as income from financial assets as the effect of direct incorporation of profit pertaining to the final period in the share capital of an entity in which stakes are owned.

The income made from the sale/transfer of stakes owned will be recognized on the date in which the ownership right over them has been transferred from seller to buyer, using the accounting of the date of clearing.

The income from the shareholding title transaction is recognized at gross value (transaction value), and the one resulted from transactions with short-term financial investments is highlighted on a net basis (the difference between sale value and cost).

n) Employee benefits

Short-term benefits

Short-term benefit obligations given to employees are not updated and are recognized in the global result statement as the respective service is performed.

Short-term benefits of employees include salaries, bonuses and contributions to social securities. Short-term benefits of employees are recognized as expense when the services are performed.

The company recognizes a provision for the amounts to be paid with bonus title in cash on short-term or shareholding schemes of the staff to profit if the Company has in the present a legal or implicit obligation to pay those sums as a result of the past services performed by the employees and if the respective obligation can be credibly estimated.

Definite contribution plans

The company makes payments on the behalf of its own employees to the pension scheme of the Romanian state, to the health insurance system and the unemployment fund, during the performance of normal activities. All respective contributions are recognized in the profit or loss account of the period when they are performed. The company has no additional obligations.

Long-term benefits of employees

The net obligation of the Company regarding the benefits related to long-term services is represented by the future value of the benefits earned by the employees for the services performed in the current period and in the previous periods.

The company is not engaged in an independent pension scheme or in another post retirement benefit scheme and has no other obligations in this sense. The company is not required to offer benefits to employees on the date of retirement.

o) Earnings and loss from exchange rate differences

The currency transactions are registered in the functional currency (leu) by converting the sum in currency at the official exchange rate delivered by the National Bank of Romania, valid on the date of the transaction.

At the date of reporting, the monetary elements expressed in currency are converted using the closing exchange rate.

The exchange differences occur when clearing the monetary elements or converting the monetary elements at exchange rates different from the ones at which they have been converted at initial recognition (during the period) or in the previous financial statements they are recognized as loss or earning in the profit or loss account in the period they occur.

p) Corporate tax

Corporate tax related to the financial year includes the current tax and the deferred income tax.

Corporate tax is recognized in the global result statement or in other elements of the global result when the tax is related to stock elements.

The current tax is the tax paid for the profit made in the current period, determined based on the percentages applied on the date of reporting and of all adjustments pertaining to the previous periods. For the financial year ended on 31st of December 2019, the corporate tax rate was 16% (31st of December 2018:16%).

The deferred income tax is set by the Company using the balance method for those temporary differences occurred between the financial base of the tax for assets and debt and their accounting value, used for reporting in the individual financial statements.

The deferred income tax is not recognized for the following temporary differences:

- initial recognition of commercial fund,
- initial recognition of assets and debt from transactions which are not company combinations and which do not affect the accounting profit or the financial one and differences from investments in branches, provided they are not restarted in the near future.

The deferred income tax is calculated based on the taxation percentages which are anticipated to be applied to temporary differences at their restart, based on the law in effect at the date of report.

The claims and debt with the deferred income tax are compensated only if there is legal right to compensate current debt and claims with the tax and if they are related to the corrected tax of the same financial authority for the same entity conformed to taxation or for different financial authorities, but which do not want to make the clearing of current claims and debt with the tax using a base net or the respective assets and debt will be made simultaneously.

The claim regarding the deferred income tax is recognized by the Company only if future profit is made and which can be used to cover the financial loss. The claim is revised at the end of each financial year and is decreased as the respective financial benefit is not likely to be made.

r) Earnings per share

The company presents the basic earnings per share for the ordinary shares. The basic earnings per share are determined by division of profit or loss assigned to the ordinary shareholders of the Company at weighted average number of ordinary shares pertaining to the reporting period.

s) Reporting on segments

A segment is a distinctive component of the Company which provides certain products or services (activity segment) or provides products or services in a certain geographical environment (geographical segment) and which is submitted to risks and benefits different from the ones of the other segments. Geographically speaking, the Company provides products and services only in Romania.

On 31st of December 2020, the Company has not identified significant reporting activity or geographical segments and has not acquired distinct financial information regarding the activity segments.

t) Presentation of financial statements

This set of financial statements has been concluded according to the International Financial Reporting Standards. The Company has adopted the reporting according to the International Financial Reporting Standards starting from 31st of December 2012.

The accounting policies have been applied consecutively to all financial years presented, except the cases in which it is specified otherwise. In order to conclude the individual financial statements, the commitment accounting principle and the continuous activity principle have been applied.

The company declares that it has concluded annual financial statements for the ended financial year on 31st of December 2020 according to the International Financial Reporting Standards as they are approved by the European Union, applied to trading companies whose real

estate is approved for transaction on a regulated market, the Order of the deputy prime minister, the ministry of public finance no. 2844/2016, with further modifications and additions.

The individual financial statements are presented according to IAS 1 "Presentation of financial statements". The company has adopted a presentation based on liquidity within the statement of financial position and a presentation of income and expenses in terms of their nature within the global result statement, taking in consideration that these presentation methods offer information which is more relevant than other methods approved by IAS 1.

u) Determination of fair value

IFRS 13 "Evaluation at fair value" replaces the evaluation requirements of the fair value included in the IFRS individual standards with a single determination framework. IFRS 13 describes the way in which fair value must be determined when it is required or approved by IFRS.

The standard does not introduce new evaluation requirements for assets or liabilities at fair value and does not eliminate exceptions which are present in certain standards. IFRS 13 contains an extended framework which provides presentation requirements of information additional to the existent ones which allow the users of financial statements to evaluate the methods and information used for the determination of the fair value.

All assets and liabilities that are measured at fair value in the financial statements or information that are measured at fair value are presented in the fair value hierarchy, as described below, based on the lowest level of significant information. taken into account when establishing the fair value:

- Level 1 - Market prices (unadjusted) available directly in the active markets for assets or liabilities identical to those assessed
- Level 2 – Valuation techniques for which the lowest significant level of information available for fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest significant level of information available for fair value measurement is not observable

For assets and liabilities that are recognized in the financial statements on a recurring basis at the end of each reporting period, the entity determines whether there are situations in which certain assets or liabilities have moved between the levels defined by the fair value hierarchy (based on the low level of information which is significant for fair value measurement)

Certain accounting policies of the company and presentation requirements of information require the determination of fair value for assets and liabilities and financial debts as well as for the non-financial ones. The fair values have been determined for evaluation and/or presentation of information based on the methods described above. When necessary, the additional information regarding the assumptions used in the determination of fair values are presented in the notes of the asset or of the respective debt.

- Commercial claims and of other type

The fair value of commercial liabilities and of other type is estimated as present value of future cash flows, updated using a financing rate specific to the market on the date of the financial reporting. This value is determined for information purposes.

- Interest-bearing loans

The fair value of these elements is estimated as the present value of future cash flows representing principal and interest, updated using a financing rate specific to the market on the date of the financial reporting. This value is determined for information purposes.

- Corporate assets

The fair value of these elements has been set following a reevaluation made by an independent evaluator, member of ANEVAR, using the comparison method for lands and the financial flow update method for buildings and constructions.

v) Adopting new and revised international financial reporting standards

The company does not apply some IFRS or new IFRS provisions issued and not in effect on the date of the financial statements. The company cannot estimate the impact of applying these provisions on the financial statements and intends to apply these provisions when they become effective.

The company anticipates that adopting these new standards and amendments to the existing standards will not have a significant impact on the financial situations in the initial application's period.

New accounting standards applicable in the financial year 2020

Amendments to the references to the conceptual framework in IFRS standards The revised conceptual framework for financial reporting is used to develop new standards and interpretations. The definitions of assets and liabilities have been changed, as well as the guidelines on valuation and derecognition, presentation and presentation of information. This did not result in any technical changes to the current standards. The changes only updated the conceptual framework references in the existing standards. The conceptual framework itself was not the subject of the approval procedure.

Amendments to IAS 8 - Definition of the material The amendments to IAS 8 clarify the definition of "material". In addition to further explanations, the definition of "material" in the conceptual framework, as well as all standards, has been aligned with the central definition anchored in IAS 1. Entities may continue to use hedge accounting and designate new hedging relationships despite the expected replacement of various interest rate benchmarks.

Amendments to IFRS 3, Business combinations - The definition of a business The amendments relate to the definition of a business and include clearer guidelines for distinguishing between a business and a group of assets when IFRS 3 applies. As amended, the definition of a business includes both inputs and at least one substantive process, which together are able to create results. Production is considered to be only the sale of goods and the provision of services, as well as the generation of capital and other income. Alternatively, there is an option to apply a concentration test to assess whether an acquired set of activities and assets is not a business.

New accounting standards adopted by the EU but coming into effect only in future periods

The following standards, changes to standards and interpretations have already been approved by the EU. However, they will only enter into force in future periods, for financial years beginning on or after the approved date:

- ✓ Amendments to IFRS 4, Insurance Contracts - Deferral to the Effective Date of IFRS 9 (June 25, 2020): January 1, 2023
- ✓ Amendments IFRS 16:
 - Rental concessions related to COVID-19 (May 28, 2020): June 1, 2020
 - Reference interest rate reform - phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (27 August 2020): 1 January 2021

C. PRESENTATION NOTES

1. Tangible assets

Tangible assets are recognized according to IAS 16 (revised 2003) using the alternative treatment approved by this standard. The values used in the IFRS opening balance for corporate immobilizations represent fair values on the date of the transfer to IFRS “as its assumed cost on that date” IFRS1 BC41.

The “Land” group is reflected to fair value according to the evaluation performed on 31st of December 2020.

The evaluation report of corporate assets of land type concluded by S.C. DARIAN DRS S.A. – member of ANEVAR, in 2020, has had the purpose of estimating the market value of lands and had taken into account the recommendations of the International Application Standard 1 – EVA 1 “Evaluation for financial report”. The evaluated value of lands on 31.12.2020 was of 80.257.512 lei. According to the accounting policies approved for lands, no depreciation is calculated.

The “Constructions” group has been reevaluated on 31st of December 2020 using the financial flow update method (approach based on income) by S.C. DARIAN DRS S.A. – member of ANEVAR, and in the financial record, the fair value of the fixed assets was registered by eliminating the accumulated amortization.

The influence of revaluation : “Constructions” group – fair value on 31.12.2017:

- lei

Group	Accounting value	Accumulated amortization	Fair value	Reevaluation differences
<i>Constructions</i>	77.657.063	11.909.379	80.495.662	14.747.977
<i>Real estate investments</i>	478.110	126.732	397.530	46.152

The influence of revaluation: „Lands” group și „Constructions” group – air value on 31.12.2020:

- lei

Group	Accounting value	Accumulated amortization	Fair value	Reevaluation differences
<i>Lands</i>	68.747.325	0	80.257.512	11.510.188
<i>Constructions</i>	101.204.720	12.356.964	96.563.340	7.715.584
<i>Real estate investments</i>	400.343	126.932	348.490	75.079

The value of the buildings belonging to the Company's assets as of December 31, 2019 and December 31, 2020 is detailed in Note 1

The costs of the indebtedness (interest and fees pertaining to these contracted loans) which are directly assigned to the acquisition, construction or production of an asset are included in the cost of that asset.

The amortization is straight-line, the periods of amortization are set between 8-60 years.

Corporate assets issued from the patrimony by sale, invalidation or other means of issue are reflected in the profit and loss account to the net accounting value.

The differences of the respective reevaluation is deemed to be performed only on the sale, invalidation of assets or as they are used and transferred in the reported result.

The “Technical installations, means of transport” and “Furniture, machines, paper” groups are registered at historical cost, amortization is straight-line, and amortization periods are set between 3-18 years.

The inflows of corporate assets have been 18.040.450 lei from which investments and modernization works worth 17.168.418 lei and 872.032 lei for investments in execution.

The value of investments under execution on 31.12.2020 is 5.422.541 lei.

During 2020, the fixed assets obtained under own management in the amount of 32.982 lei were obtained.

The value of fixed assets outflows during 2020 was 1.015.192 lei, of which 995.605 lei were made on account of the scrapping procedure and 19.587 lei from selling.

The value of land outflows during the year was 148.019 lei.
No adjustments have been made for the depreciation of fixed assets.

In the current economic background, the Company has analyzed the internal and external information sources for the application of the IAS 36 – “Depreciation of assets” provisions and therefore has not considered necessary the registration of adjustments regarding the depreciation of assets related to technical installations and means of transport.

➤ Fixed assets at gross value in 2020 :

- lei .

31st December 2020	Lands	Constructions	Technical installations and apparatus, machines and furniture	Corporate assets in progress	Advances corporate assets	TOTAL
Initial balance	68.895.342	85.261.347	34.019.644	14.634.681	5.789.170	208.600.184
Inflow	11.510.188	23.665.264	2.090.771	7.956.278	2.166.287	47.388.788
Outflow	-148.017	-12.363.271	-1.008.885	-17.168.418	0	-30.688.591
Reserve transfers from reevaluation in the reported result	0	0	0	0	0	0
Final balance	80.257.513	96.563.340	35.101.530	5.422.541	7.955.457	225.300.381

➤ Impact of amortizations and provisions on the gross value of corporate assets in 2020:

- lei .

31st December 2020	Lands	Constructions	Technical installations and apparatus, machines and furniture	Corporate assets in progress	Advances corporate assets	TOTAL
Initial balance	0	7.716.090	28.476.347	0	0	36.192.437
Value adjustments representing amortization and depreciations	0	4.641.778	1.714.210	0	0	6.355.988
Value adjustments pertaining to issued fixed assets.	0	-12.357.868	-999.852	0	0	-13.357.720
Reserve transfers from reevaluation	0	0	29.190.705	0	0	29.190.705
Final balance	0	0	28.476.347	0	0	36.192.437

Net value of fixed assets on 31st of December 2019	80.257.513	96.563.340	5.910.825	5.422.541	7.955.457	196.109.673
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➤ Corporate assets at gross value in 2019:

- lei .

31 st December 2019	Lands	Constructions	Technical installations and apparatus, machines and furniture	Corporate assets in progress	Advances corporate assets	TOTAL
Initial balance	68.895.342	82.351.223	32.616.495	8.779.952	1.159.199	193.802.211
Inflow		4.387.113	2.068.577	10.440.357	4.658.455	21.554.502
Outflow		0	-1.476.989	-4.585.628	-28.484	-6.756.529

Reserve transfers from reevaluation in the reported result	0	0	0	0	0	0
Final balance	68.895.342	85.261.347	34.019.644	14.634.681	5.789.170	208.600.184

➤ Impact of amortizations and provisions on the gross value of corporate assets in 2019:

- lei .

31 st Decembe 2019	Lands	Constructions	Technical installations and apparatus, machines and furniture	Corporate assets in progress	Advances corporate assets	TOTAL
Initial balance	0	3.906.561	27.374.761	0	0	31.281.322
Value adjustments representing amortizations and depreciations	0	4.323.651	1.750.696	0	0	6.074.347
Value adjustments pertaining to issued fixed assets.	0	-514.123	-649.108	0	0	-1.163.231
Final balance	0	7.716.089	28.476.349	0	0	36.192.438

Net value of fixed assets on 31st of December 2019	68.895.342	77.545.258	5.543.295	14.634.681	5.789.170	172.407.746
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2. INTANGIBLE ASSETS

Non-corporate assets are initially recognized in terms of cost according to IAS 38 – “Non-corporate assets (revised 2004). In this group are included the permits for informatics programs and the OSIM brand of the company registered at historical cost submitted to amortization by the straight-line method on a period between 3-5 years. The non-corporate assets are not reevaluated; the value of each non-corporate asset is analyzed each year for the possibility of discovering depreciations.

On 31st of December 2020 the net non-corporate assets are presented as such:

- lei

Cost	2019	2020
Initial balance 1st of Jan.	338.213	904.150
Inflow	565.936	20.000
Outflow	0	0
In progress	0	0
Modifications in fair value	0	0
Final balance on 31st of Dec.	904.150	924.150

- lei

Value adjustments	2019	2020
	312.643	358.885
Value adjustments representing amortizations	46.242	153.687
Value adjustments representing depreciations	0	0
Final balance on 31st of Dec.	358.885	512.572

Net value of non-corporate assets on 1st of Jan..	25.570	545.265
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Net value of non-corporate assets on 31st of Dec.	545.265	411.578
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3. REAL ESTATE INVESTMENTS

The “Real estate investments” group has been evaluated on 31st of December 2020 using the financial flow update method (approach based on income) by S.C. DARIAN DRS S.A. – member of ANEVAR, and in the financial record, the fair value of the fixed assets was registered by eliminating the accumulated amortization.

On 31st of December 2020 the real estate investment statement is the following:

	Cost	31 dec 2019	31 dec 2020
			- lei
Initial balance		400.343	400.343
Inflow		0	75.079
Outflow		0	126.932
In progress		0	0
Modifications of fair value		0	0
Final balance		400.343	348.490
			- lei
	Value adjustments	31 dec 2019	31 dec 2020
Initial balance		42.273	84.602
Value adjustments representing amortizations		42.330	-84.602
Value adjustments representing depreciation		0	0
Final balance		84.602	0
Net value of real estate investments on 31st of Dec.		315.741	348.490

4. FINANCIAL ASSETS

The securities are recognized in the financial statements according to IAS 39 – “Financial instruments: recognition and evaluation” and IFRS 7 – “Financial instruments: Information to be provided”.

The company has applied the following recognition and evaluation principles of shares and securities:

- unlisted shares are measured at fair value through other comprehensive income if the financial asset is held in a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets and contractual terms of the financial asset give rise to cash flows which are exclusively payments of principal and interest on the value of principal due.

- shares owned quoted at the stock exchange are registered at fair value (the value from the last transaction day of the year), the potential earnings or losses to be recognized in the profit and loss account.

- shares owned quoted at the stock exchange are registered at fair value (the value from the last transaction day of the year), the potential earnings or losses to be recognized in the profit and loss account.

Transilvania Hotels & Travel S.A. has a share capital of 7.586.120 lei composed of 3.034.448 shares with a nominal value of 2.5 lei / share and has its registered headquarter in Bucharest, 35 Maria Rosetti Street, District 2. On 31.12.2019 the contribution has been adjusted for its full depreciation, given that this company has been insolvent since 2017.

Turism Lotus Felix S.A. has a share capital of 126,699,982 lei composed of 1,266,999,819 shares with a nominal value of 0.1 lei, based in Băile Felix, 20 Victoria Street. The participation was

reclassified as a result of the change in the accounting policy regarding the valuation of financial assets (fair value through other elements of the overall result). The valuation of the participations of Turism Felix SA in Turism Lotus SA on 31.12.2020, respectively on 31.12.2019 (reclassified) was registered based on the Valuation Report of Turism Lotus Felix SA established for closing the financial statements for 2020 and the Valuation Verification Report Turism Lotus Felix SA established to close the related financial statements. The estimation of the recoverable value of the investment in Turism Lotus Felix SA took into account the income approach, the fair value was determined by estimating the present value of the future cash flows generated. The main assumptions used to determine the value in use were the average growth rates and the discount rate by estimating the present value of future cash flows generated. The financial statements are also presented separately with the influences of the valuation of the fair value of the previous period (restatement) recorded on account of the current period..

Unquoted shares

Company name	Location of activities (head office)	Percentage owned. la 31.12.2019	Added value C.S. la 31.12.2019 (lei)	Evaluation differences la 31.12.2019 (lei)	Fair value la 31.12.2019 (lei)
S.C. Transilvania Travel S.A.	Bucharest	18,35%	1.391.985	0	1.391.985
S.C. Turism Lotus Felix S.A.	Băile Felix	30,33%	38.428.688	0	38.428.688
Total unquoted shares			39.820.673	0	39.820.673

Company name	Location of activities (head office)	Percentage owned.. la 31.12.2019	Added value C.S. la 31.12.2019 (lei)	Evaluation differences la 31.12.2019R (lei)	Fair value la 31.12.2019R (lei)
S.C. Transilvania Travel S.A.	Bucharest	18,35%	1.391.985	(1.391.985)	0
S.C. Turism Lotus Felix S.A.	Băile Felix	30,33%	38.428.688	(23.787.358)	14.641.330
Total unquoted shares (R)			39.820.673	(25.179.343)	14.641.330

Company name	Location of activities (head office)	Percentage owned.. la 31.12.2020	Added value C.S. la 31.12.2020 (lei)	Evaluation differences la 31.12.2020 (lei)	Fair value la 31.12.2020 (lei)
S.C. Transilvania Travel S.A.	Bucharest	18,35%	1.391.985	(1.391.985)	0
S.C. Turism Lotus Felix S.A.	Băile Felix	30,33%	38.428.688	(26.900.082)	11.528.606
Total unquoted shares			39.820.673	(28.292.067)	11.528.606

5. STOCKS

The stock statement, in structure, is the following:

Stocuri	2019	2020
Raw material	25.135	10.140
Consumable material	716.354	856.234
Inventory objects	3.697	9.227
Materials found at third parties	3.804	4.295
Merchandise	481.338	486.877
Advances	0	0
Stock value on 1st of Jan.	1.230.328	1.366.773

		- lei	
Stocks	2019	2020	
Raw material	10.140	15.609	
Consumable material	856.234	1.142.426	
Inventory objects	9.227	53.479	
Materials found at third parties	4.295	0	
Merchandise	486.877	260.761	
Advances	0	0	
Stock value on 31st of Dec.	1.366.773	1.472.276	

Stocks are recognized in financial statements according to IAS 2 – “Stocks” (revised in 2003) applied for annual periods which start on the 1st of January 2005.

These include:

a) Raw materials and consumables –raw material and consumable inflow are made at purchase cost; they are not highlighted in terms of quantity-value, and the FIFO method is used in order to release them for consumption. The criteria on which underlie the determination of slow and no movement stocks is the one related to the date of the final outflow from the company storage and their ways of improvement. Organizing the accounting of stocks is performed through the permanent inventory method. No adjustments have been elaborated for value depreciations.

b) Inventory objects– are highlighted at purchase cost and the inventory outflow for the inventory objects in use is performed at historical accounting value.

The legal provisions regarding outages apply.

- in the storage: the storage period is short, supply is made on the consumption necessity. The inventory objects in use are entirely recognized in expenses.

- in use: the storage spaces in terms of their utility. Their storage record must be kept non-accounting.

c) Finished products – represent the value of the stock manufactured within the company, but which is regularly used for company purposes.

d) Merchandise – is highlighted at purchase price in the public food units by practicing trade markups set by the decision of the executive committee of the company mainly in terms of the: factors which influence the market price, the inland revenue required for a certain period, the sale capacity and the unit efficiency. The legal provisions regarding outages apply. Organizing the accounting of stocks is performed through the permanent inventory method. The inventory outflow method used is the **FIFO method**. No adjustments have been elaborated for value depreciations.

6. TRADE CLAIMS

In terms of the liquidity term, the accounting value of the claims is the following:

		- lei	
Trade claims	2019	2020	
Clients	6.815.597	2.219.106	
Uncertain clients	822.751	822.751	
Clients invoices to conclude	1.241.104	1.211.628	
Value of trade claims on 1st of Jan.	8.879.452	4.253.484	
Clients	2.219.106	3.427.754	
Uncertain clients	822.751	786.226	
Clients invoices to conclude	1.211.628	135.775	
Value of trade claims on 31st of Dec.	4.253.484	4.349.755	

Adjustments for claim depreciation	2019	2020
Initial balance on 1st of Jan.	822.751	822.751
Adjustment concluded within the year	0	5.098
Adjustment reversed within the year	0	41.623
Final balance on 31st of Dec.	822.751	786.226
Net value of trade claims on 1st of Jan.	8.056.701	3.430.734
Net value of trade claims on 31st of Dec.	3.430.734	3.563.529

The trade claims of the Company are made from the clients' balance by which the company improves its services on the internal and external market.

The value of claims on the internal market is reflected at historical prices. They are registered in terms of their age and type

A specific property regarding claims represents the existence of claims of hotel clients management type.

The claims are presented in financial statements in terms of their type to the probable value to be collected. For values in which the collection is uncertain, the Company has calculated depreciation adjustments.

7. OTHER CLAIMS

Other claims represent the amount to be collected by the Company by clearing with the staff, different debtors and paid advances. The advance expenses represent advance payments for insurance, payments for informatics program upgrades and telephone subscriptions.

Other claims on 1st of Jan.	2019	2020
Other claims related to staff	0	1.493
Recoverable VAT	940.401	2.668.253
Other social claims	557.484	502.175
Other contributions and taxes	1.497.660	888.452
Different debtors	79.512	578.507
Suspense amounts	39.993	53.045
Advances	112.682	179.138
Expenses registered in advance	129.774	141.714
Value of other claims on 1st of Jan.	3.357.506	5.012.776
		<i>- lei</i>
Other claims on 31st of Dec.	2019	2020
Other claims related to staff	1.493	1.599
Recoverable VAT	2.668.253	362.132
Other social claims	502.175	970.113
Other contributions and taxes	888.452	428.042
Subsidies	0	558.538
Different debtors	578.507	93.656
Suspense amounts	53.045	72.487
Advances	179.138	0
Expenses registered in advance	141.714	169.000
Value of other claims on 31st of Dec.	5.012.776	2.655.567

- lei

Adjustments for the depreciation of other claims	2019	2020
Initial balance	47.055	47.055
Adjustment concluded within the year	0	29.769
Adjustment reversed within the year	0	0
Final balance	47.055	76.824
Net value of other claims on 1st of Jan.	3.310.451	4.965.721
Net value of other claims on 31st of Dec.	4.965.721	2.578.743

The value of the corporate tax to be recovered is the following:

Claims on current corporate tax	2019	2020
Initial balance	15.260	68.082
Value starting year	15.260	68.082
Value finishing year	68.082	76.967
Final balance	68.082	76.967
Net value on 1st of Jan.	15.260	68.082
Net value on 31st of Dec.	68.082	76.967

8. CASH AND CASH EQUIVALENTS

Accounts in lei and in currency are paid with an interest rate set by each bank.

The short-term deposits are created on periods between 1 month and 3 months, in terms of the availability at the time, but also the immediate financing needs.

The short-term deposits are paid to a negotiated interest higher than the interest pertaining to the current account.

Other cash equivalents represent sums for collection pertaining to the previous day in relation to the central pay office of the company.

Other cash equivalent values are of 35.607 lei on 31st of December 2019, respectively 58.145 lei on 31st of December 2020 and reflects the sums in clearing on the last day of the period submitted the next day.

The cash and cash equivalent statement is the following:

Cash and cash equivalents	2019	2020
Bank accounts in lei	14.089.526	13.438.747
Bank accounts in currency	2.446.307	2.867.040
Cash in "office"	10.159	10.881
Other cash equivalents	35.607	58.145

Cash and cash equivalents value on 1st of Jan.	16.581.598	16.374.813
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Cash and cash equivalents	2019	2020
Bank accounts in lei	13.438.747	2.962.612
Bank accounts in currency	2.867.040	2.917.459
Cash in "office"	10.881	91.747
Other cash equivalents	58.145	30.776

Cash and cash equivalents value on 31st of Dec.	16.374.813	6.002.594
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Other short term financial investments and assimilated debts represent the invested financial values in order to realize a long term profit. The held shares at the end of the year 2020 are of 1.539.877 lei and represent the portfolio at SIF Oltenia of 857.918 shares. Other values to be collected in cash worth 2.041 lei on 31st December 2019, respectively 2.674 lei on 31st December 2020 and reflect the sums in settlement resulted from payment by card.

The statement of other amounts to be collected is the following:

	- lei	
	2019	2020
Cash and cash equivalents		
Other short term financial investments and assimilated debts	2.408.361	2.605.660
Other amounts to be collected	2.145	2.041

Cash and cash equivalents value on 1st of Jan.	2.410.505	2.607.701
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	- lei	
	2019	2020
Cash and cash equivalents		
Other short term financial investments and assimilated debts	2.605.660	1.539.877
Other amounts to be collected	2.041	2.674

Cash equivalents value on 31st of Dec.	2.607.701	1.542.551
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9. SHARE CAPITAL

All shares are ordinary, have been subscribed and are fully paid on 31st of December 2020. All shares have the same voting right and have a nominal value of 0.10 lei/share. The number of authorized shares to be issued is equal to the one of issued shares. During 2019 and 2020 there have been no modifications in the number of issued shares.

Shareholders – according to the Central Depository	On 31.12.2019			On 31.12.2020		
	number of shares	value (lei)	percentage owned	number of shares	value (lei)	percentage owned
1. SIF TRANSILVANIA SA	313.579.000	31.357.900	63,20%	313.208.036	31.320.804	63,13%
2. SIF OLTENIA SA	143.752.429	14.375.243	28,97%	143.752.429	14.375.243	28,97%
3. Legal and natural persons	38.818.027	3.881.803	7,83%	39.188.991	3.918.899	7,90%
TOTAL	496.149.456	49.614.946	100,00%	496.149.456	49.614.946	100,00%

Value of share capital on 31.12.2020	49.614.946
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	- lei	
Capital social	31 December 2019	31 December 2020
Share capital according to RAR	49.614.646	49.614.646
Decrease in share capital	0	0
Increase in share capital	0	0
Renegotiated share capital IFRS 1	49.614.646	49.614.646

The reconciliation of the share capital according to the International Financial Reporting Standards with the one according to RAR has been registered on 01.01.2012 along with the first application of the regulations according to IFRS. The effect of hyperinflation on the share capital in the amount of 86.950.065 lei has been registered based on the reported result.

By Decision no. 1/22.03.2013 of the Company Shareholders' General Ordinary Assembly (based on the provisions of OMFP 1286/2012, articles 129[^]1 and 129[^]2) the partial insurance of the accounting loss from the IFRS application and from the first enactment of IAS 29 in the amount of 89.508.914 lei has been approved based on the equities with the amount of 86.950.065 lei based on other elements similar to capitals reflected in account 1028 "Adjustments of the share capital";

9.1. OTHER ELEMENTS OF OWN CAPITAL

	- lei	
Other equity items	2019	2020
- deferred tax liability related to the revaluation reserve	0	0
- changing the fair value of net financial investments	0	0
Initial balance 01.Jan.	0	0
Reported result on 01.01.	0	0

	- lei	
Other equity items	2019R	2020
- deferred tax liability related to the revaluation reserve	-8.092.333	-10.416.527
- changing the fair value of net financial investments	-25.179.343	-28.292.066
Initial balance 31.Dec.	-33.271.676	-38.708.593
Reported result on 31.12.	0	-38.708.593

	- lei	
Other equity items	2019	2020
- deferred tax liability related to the revaluation reserve	0	-10.416.527
- changing the fair value of net financial investments	0	-28.292.066
Final balance on 31. Dec.	0	-38.708.593
Reported result on 31.Dec.	0	-38.708.593

10. REPORTED RESULT BY APPLYING IFRS – IAS 29

The reported result comes from the application of the IAS 29 provisions – "Financial reporting in the hyperinflationary economies" over the equities (share capital, legal reserves and other reserves) and from the effect of the first application of the International Financial Reporting Standards, following that in the future the reported result to be covered from the equities according to the decision of the company shareholders' general assembly, meeting the legal provisions. The company reclassified the surplus from revaluation reserves that was highlighted on account of reserves.

	- lei	
Reported result	2019	2020
- undistributed profit or uncovered loss	0	0
- represents the surplus from reevaluation reserves	1.257.270	20.948.788
- resulted from using the fair value as assumed cost on the date of the IFRS application	2.861	2.861
Initial balance 1st of Jan.	1.260.131	20.951.649
Reported result on 01.01.	1.260.131	20.951.645

	- lei	
Reported result	2019	2020
- undistributed profit or uncovered loss	0	2.000.000
- represents the surplus from reevaluation reserves	20.948.788	22.610.709

- resulted from using the fair value as assumed cost on the date of the IFRS application	2.861	2.861
Final balance on 31st of Dec.	20.951.649	24.613.570
Reported result on 31st of Dec.	20.951.649	24.613.570

11. OTHER RESERVES

In order to further recognize the corporate assets, the Company has adopted the reevaluation model (IAS 16 art. 29). The value of the goods based on the re-valuation model according to (IAS 16 art. 31), is the fair value at the re-valuation date minus any further accumulated amortization and any losses accumulated from depreciation.

Reevaluations must be made regularly so as the accounting value does not significantly differ from what would have been set by using the fair value at the date of the balance. The surplus from the reevaluation reserve performed is registered according to provisions (IAS 16 art. 41).

Reserves	- lei	
	2019	2020
Reserves resulted from reevaluation	77.337.772	75.756.428
Legal reserves	5.270.228	5.410.374
Other reserves	67.805.594	55.228.605
Initial balance on 1st of Jan.	150.413.595	136.395.407

Value of reserves on 01.01.	150.413.595	136.395.407
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Reserves	- lei	
	2019	2020
Reserves resulted from reevaluation	75.756.428	93.395.358
Legal reserves	5.410.374	5.417.067
Other reserves	55.228.605	62.288.875
Final balance on 31st of Dec.	136.395.407	161.101.300

Value of reserves on 31st of Dec.	136.395.407	161.101.300
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The amount for the reevaluation reserve on 31st of December 2020 is of 93.395.358 lei, and on 31st of December 2019 it was 75.756.428 lei.

According to the legal requirements, the Company makes legal reserves in percentage of 5% from the profit registered according to RAR up to 20% of the share capital and the amount of the legal reserve on 31st of December 2020 is of 5.417.067 lei and on 31st of December 2019 it was 5.410.374 lei.

Other reserves include the sums allocated from the profits made in the financial reporting periods to other financial sources for investment according to the development strategy of the Company long-term.

11.1 OWN SHARES

The OGAS Decision no. 3 of 03.10.2020 approved the change of the destination of the redemption program approved in the OGAS on 18.11.2019, from the "distribution of the repurchased shares, free of charge, to the administrators, directors and employees of the company, in order to streamline and retain their activity, within a Stock Option Plan", in "cancellation of the shares to be acquired by the company, followed by the corresponding reduction of the share capital".

At the reporting date, a number of 4.842.747 shares were repurchased in a total value of 1.978.887 lei, and the procedure regarding their cancellation will be started.

- lei

Own shares	2019	2020
Initial balance 01.01.	0	0
Inflow	0	1.978.887
Outflow	0	0
Final balance 30.06.	0	1.978.887
Value of own shares	0	1.978.887

12. CURRENT RESULT

In the current result of the exercise are recognized all the income and expense elements from the reported period.

- lei

Current result	2019	2020
Initial balance 01.01.	10.255.638	14.211.525
Inflow current result	14.211.525	462.885
Allocation of profit	-10.255.638	-14.211.525
Final balance 31.12.	14.211.525	462.885
Value of net profit to be allocated	14.211.525	462.885

- lei

Profit allocation	2019	2020
Initial balance 01.01.	108.263	140.146
Current elaborations	140.146	6.693
Current cancellations/applications	-108.263	-140.146
Final balance 31.12.	140.146	6.693
Value of profit to be allocated	140.146	6.693

During 2020 according to the A.G.O.A. decision from 05.04.2019, the equities have been given in percentage of 35,61% from the net profit made in 2019, after the allocation of the legal reserve, the difference of the net profit to be allocated was distributed to reinvestment sources. The value of the gross dividend for the financial year 2019 given to the company shareholders was of 0.0101 lei/share, the total value of the gross dividend was 5.011.109,51 lei. The difference in net profit worth 7.060.269,69 was assigned for investment financing sources, after the constitution of legal reserves worth 108.263, 2.000.000 lei not being assigned. The company has constituted legal reserves during 2020 worth 6.693 lei, afferent to the financial year 2020, these being subject to restrictions afferent to distribution towards shareholders.

13. PROVISIONS FOR RISKS AND EXPENSES

During 2020 there have been concluded provisions for risks and expenses. The provisions in balance on 31st of December 2020 have been concluded for:

- employee benefits - At the end of 2020 were constituted the provision for annual leaves not taken during 2020 worth 738.196 lei

The company has no other obligations for which provisions are necessary

	- lei	
Provisions for risks and expenses	2019	2020
Initial balance 01.01.	380.386	759.308
Provisions for employee benefits	0	0
Total Provision concluded within the year	738.196	390.677
Provisions for employee benefits	738.196	390.677
Total Provision reversed within the year	359.274	759.308
Final balance 31.12.	759.308	390.677
Value of provisions on 31st of Dec.	759.308	390.677

14. OTHER MEDIUM-TERM AND LONG-TERM DEBTS

The performance guarantees are reflected in the category of the long-term financial debts and represent amounts retained by the beneficiary from the counter value of the services performed by the supplier; their value on 31st of December 2020 was of 1.389.407 lei and on 31st of December 2019 was of 1.273.948 lei.

15. TRADE CLAIMS

Trade claims refer to company obligations towards physical or legal third parties, resulted from the purchase of goods, assets or service use.

	- lei	
Trade claims	2019	2020
Suppliers	4.535.512	4.451.785
Assets suppliers	8.963.574	5.335.987
not-received invoice suppliers	288.614	471.039
Initial balance 01.01.	13.787.700	10.258.810
Suppliers	40.724.302	26.568.417
Assets suppliers	19.609.432	12.177.117
Not-received invoice suppliers	2.561.379	1.745.076
Total of trade claims accumulations	62.895.112	40.490.610
Suppliers	40.808.029	29.362.588
Assets suppliers	23.237.019	13.579.013
not-received invoice suppliers	2.378.954	2.136.623
Total of trade claims payments	66.424.002	45.078.223
Suppliers	4.451.785	1.657.614
Assets suppliers	5.335.987	3.937.091
Not-received invoice suppliers	471.039	79.492
Final balance 31.12.	10.258.810	5.671.197
Value of trade claims on 31st of Dec.	10.258.810	5.671.197

16. CURRENT TAXES - Debts

The structure of the current taxes in balance at the date of the financial report is the following:

	- lei	
Current contributions and taxes	2019	2020
Social insurance	933.622	1.227.692
Unemployment benefit Salary contributions	59.434	78.528
Salary contributions	189.394	250.542
Other contributions, taxes and assimilated payments	76.353	-120.440
Other special funds, taxes and assimilated payments	5.383	6.344
Initial balance on 01.01.	1.264.186	1.442.666
	- lei	
Current contributions and taxes	2019	2020
Social insurance	12.032.950	10.121.969
Unemployment benefit	763.919	529.875
VAT to be paid	1.394.920	765.459
Payroll taxes	2.307.053	1.853.544
Other contributions, taxes and assimilated payments	2.116.642	2.500.146
Other special funds, taxes and assimilated payments	211.800	123.951
Total increase in current contribution and tax debt	18.827.283	15.894.945
	- lei	
Current contributions and taxes	2019	2020
Social insurance	11.738.880	10.165.920
Unemployment benefit	744.825	551.997
VAT to be paid	1.394.920	765.459
Payroll taxes	2.245.905	1.934.871
Other contributions, taxes and assimilated payments	2.313.434	2.322.750
Other special funds, taxes and assimilated payments	210.839	125.670
Total decrease in current contribution and tax debt	18.648.803	15.873.688
	- lei	
Current contributions and taxes	2019	2020
Social insurance	1.227.692	1.183.741
Unemployment benefit	78.528	56.406
Payroll taxes	250.542	162.194
Other contributions, taxes and assimilated payments	-120.440	56.957
Other special funds, taxes and assimilated payments	6.344	4.625
final balance 31.12.	1.442.666	1.463.923
Value of current contributions and taxes on 31st of Dec.	1.442.666	1.463.923

The financial debt represents amounts owed by the Company to the state budget, debt for which the state does not offer another counter-performance or counter value.

The company has had no outstanding debts to the state budget at the date of the report.

16.1 SHORT TERM LOANS

Short-term loans represent the amounts used in the line of credit - overdraft, for temporary current needs. The amount used on 31.12.2020 is 2.688,35 lei.

17. OTHER DEBTS

The structure of the current taxes in balance at the date of the financial report is the following:

	- lei	
Other current debt	2019	2020
Advances received for orders	926	926
Salary debt	717.473	775.409
Staff guarantees	1.817.734	2.274.553
Payment dividends	351.785	458.897
Different creditors	210.684	259.567
Income in advance	3.093.307	3.191.587
Initial balance 01.01.	6.191.909	6.960.939

	- lei	
Other current debt	2019	2020
Advances received for orders	926	0
Salary debt	775.409	289.366
Staff guarantees	2.274.553	2.360.858
Payment dividends	458.897	563.266
Different creditors	259.567	256.150
Income in advance	3.191.587	3.040.861
Final balance on 31.12.	6.960.939	6.510.500

Value – other current debt on 31.dec.	6.960.939	6.510.500
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18. OPERATING INCOME

The income represents the gross inflow of economic benefits generated within the normal performance of activity of the Company.

The income from hotel services (accommodation services) is recognized as income as the services are performed.

The operation incomes in sold on the date of financial reporting is thus presented:

	- lei			
Indicators	Performed 31.Dec.2019	%	Performed 31.Dec.2020	%
Income from accommodation services	32.203.335	34,45%	19.799.977	36,43%
Income from public food services	36.364.046	38,91%	19.934.026	36.67%
Income from treatment services	8.185.559	8,76%	4.344.449	7,99%
Income from recreational services	10.593.767	11,33%	6.283.514	11,56%
Income from rent	741.278	0,79%	545.992	1,00%
Other income pertaining to turnover	4.997.106	5,35%	2.917.500	5,37%
Turnover	93.085.092	99,59%	53.825.460	99,02%
Other operating income	380.397	0,41%	530.150	0,98%
Operating income – total	93.465.489	100%	54.355.610	100%

19. EXPENSES

The expenses structure pertaining to operation is the following:

- lei

Indicators	Performed 31.Dec.2019	Performed 31.Dec.2020
<i>Material expense</i>		
Expenses regarding raw materials	78.192	22.553
Expenses regarding consumable materials	3.180.011	2.308.448
Expenses regarding inventory objects	2.296.743	261.627
Expenses regarding materials not stored	109.073	48.812
Expenses regarding electricity and water	8.910.457	6.538.191
Expenses regarding merchandise	11.407.513	6.894.751
Trade discounts received	-21.302	-17.367
<i>Material expenses – total</i>	<i>25.960.687</i>	<i>16.057.016</i>

- lei

Indicators	Performed 31.Dec.2019	Performed 31.Dec.2020
<i>Third party expenses</i>		
Expenses with maintenance and repairs	898.728	487.858
Expenses with rents	60.330	88.188
Expenses with insurance premiums	122.751	117.887
Expenses with studies and research	0	0
Expenses with personnel's training	1.450	0
Expenses with collaborators	1.481.017	1.855.902
Expenses regarding commissions and fees	19.991	59.109
Business, advertisement, publicity expenses	355.637	276.198
Expenses with the transport of goods and personnel	1.200	2.941
Travel, assignment and transfer expenses	25.280	12.131
Postal expenses and telecommunication taxes	248.801	195.055
Expenses with banking and assimilated services	153.391	116.472
Other service expenses – third parties	3.650.947	2.225.685
<i>Third party expenses – total</i>	<i>7.019.523</i>	<i>5.437.425</i>

- lei

Indicators	Performed 31.Dec.2019	Performed 31.Dec.2020
<i>Contributions and taxes</i>		
Expenses with other contributions, taxes	2.598.076	2.561.790
<i>Contributions and taxes – total</i>	<i>2.598.076</i>	<i>2.561.790</i>
<i>Salary expenses</i>		
Expenses with staff salaries	32.470.912	26.607.359
Expenses with meal tickets given to employees	2.481.648	1.577.428
Expenses regarding social insurance and protection	40.450	27.014
Expenses with the insuring working contribution	763.919	529.875
Incomes from subsidies for expl. for staff payment	0	-6.309.152
<i>Salary expenses – total</i>	<i>35.756.929</i>	<i>22.532.524</i>

- lei

<i>Indicators</i>	Performed 31.Dec.2019	Performed 31.Dec.2020
<i>Amortizations, adjustments, provisions</i>		
Claim losses and different debtors	6.365	41.623
Other operational expenses	1.253.159	280.912
Operational expenses regarding amortizations	6.162.918	6.552.004
Operational expenses regarding risks and expenses	738.196	420.446
Operational income regarding risks and expenses	-359.274	-759.308
Operational expenses regarding current asset adjustments	0	5.098
Income from adjustments for the depreciation of current assets	0	-41.623
<i>Amortizations, adjustments, provisions – total</i>	7.801.363	6.499.151
Operational expenses – total	79.136.579	52.987.906

20. FINANCIAL INCOME AND EXPENSES

The financial incomes and expenses in sold of the date of the financial reporting is thus presented:

- lei

Indicators	31.Dec.2019	31.Dec.2020
Financial expenses		
Expenses due to differences in exchange rates	99.942	218.105
Expenses regarding interests	0	33.397
Losses from fair value valuation	0	656.393
Financial expenses – total	99.942	907.895

- lei

Indicators	31.Dec.2019	31.Dec.2020
Financial incomes		
Incomes from short-term financial investments	152.152	119.879
Incomes from ceased financial investments	0	0
Incomes due to differences in exchange rates	84.237	70.654
Incomes from interests	12.622	3.313
Other financial incomes	534.930	0
Financial incomes – total	783.942	193.846
Financial result	684.000	-714.049

21. CORPORATE TAX

The company has calculated the corporate tax according to the financial Romanian law in the amount of 57.284 lei. In the calculation of profit for the financial year of 2020, the company has respected the general accounting principles and the evaluation rules taken in consideration to acquire fiscal facilities.

Starting with 2017 the company falls within the calculations of the tax in mixed regime, calculating along the year 2020 a specific value worth 133.486lei, lower compared to the previous year following the fiscal facilities granted for support in the HORECA domain.

Reconciliation between the financial year and result, as present in the corporate tax statement, is the following:

Period 01.01.2020 – 31.12.2020		- lei
		value
I.	Total income, <i>from which:</i>	61.659.538
A.	Total taxable income	12.779.653
II.	Total expense, <i>from which:</i>	61.005.884
	Total non-deductible expenses	1.730.350
B.	Total taxable expenses	12.323.710
	Legal reserve	6.693
III.	Gross profit (I – II)	653.654
IV	Taxable profit (A –B)	449.250
V.	Corporate tax	71.880
VI.	Sponsorship	14.596
VII.	Final owed corporate tax (V – VII)	57.284
Owed corporate tax		57.284

Corporate tax is recognized in the global result statement or in other elements of the global result when tax pertains to the capital elements.

Corporate tax recognized in the global result Statement

Indicators	- lei	
	Performed 31st of Dec.2019	Performed 31st of Dec.2020
Current tax		
Expenses with current tax of the year	452.997	57.284
Expenses with specific income tax	348.388	133.486
Deferred income tax		
Expenses with deferred income tax recognized during the year	0	0
Income with deferred income tax recognized during the year	0	0
Total of expenses with corporate tax recognized during the period	801.385	190.770

Deferred income tax

Deferred tax is determined by the Company using the balance sheet method for those temporary differences that occur between the tax base for calculating the tax on assets and liabilities and their book value, used for reporting in the individual financial statements.

Deferred tax is calculated on the basis of the tax rates that are expected to be applicable to temporary differences when they are resumed, based on the legislation in force at the reporting date.

The significant components of the active deferred income tax included in the financial statements prepared on December 31, 2020, imposed at a rate of 16%, are as follows:

Indicators	- lei	
	Performed 31st of Dec.2019	Performed 31st of Dec.2020
Tangible fixed assets - temporary differences recognized at the expense of other capital items	12.121.028	14.943.627
Deferred tax- debts	12.121.028	14.943.627
Tangible fixed assets - temporary differences recognized at the expense of other capital items	-4.028.695	-4.526.731
Deferred tax – active	-4.028.695	-4.526.731
Deferred income tax - debt	8.092.333	10.416.527

Year	Explanation	Total	Share	Debt / bond	Differences previous year
2019	Temporary differences recognized in equity				
	- deductible temporary differences	0	16%	0	0
	- taxable temporary differences	0	16%	0	0
	Total	0		0	0
2019R	Temporary differences recognized in equity				
	- deductible temporary differences	-25.179.343	16%	-4.028.695	0
	- taxable temporary differences	75.756.428	16%	12.121.028	0
	Total	50.577.085		8.092.334	0
2020	Temporary differences recognized in equity				
	- deductible temporary differences	-28.292.066	16%	-4.526.731	0
	- taxable temporary differences	93.395.358	16%	14.943.257	0
	Total	65.103.292		10.416.527	0

22. FUNDAMENTAL RESTATEMENT OF INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR 2019

Fundamentals of restatement Individual IFRS financial statements

On 31.12.2019

Note: Assets and Liabilities - differences in presentation Re-treatment related to 2019, values recorded in the current year

- lei

	Note	31.Dec.19R	Restatement differences	31.Dec.19	Explanations
Non-current assets					
Financial assets	4	14.641.330	-25.179.343	39.820.673	
• Securities held at fair value through other comprehensive income	4	14.641.330	-25.179.343	39.820.673	
- related to financial assets at THT	4	0	-1.391.985	1.391.985	•Irrevocable recognition (Adjustments) of securities held at fair value through other comprehensive income
- related to financial assets at TLF	4	14.641.330	-23.787.358	38.428.688	• Irrevocable recognition (Adjustments) of securities held at fair value through other comprehensive income

Equity

Other elements of the overall result	9.1	-33.271.676	-33.271.676	0	
• Deferred income tax recognized based on equity	9.1	-8.092.334	-8.092.334	0	
- related to financial assets	9.1	4.028.695	4.028.695	0	• Deferred tax recognition of securities held at fair value through other comprehensive income
- related to revaluation reserves	9.1	-12.121.028	-12.121.028	0	• Deferred tax recognition of securities held at fair value through other comprehensive income
• Differences in the change in the fair value of available-for-sale financial assets	9.1	-25.179.343	-25.179.343	0	
- related to financial assets at THT	9.1	-1.391.985	-1.391.985	0	• Recording the change in value related to the valuation reserves through other elements of the overall result
- related to financial assets at TLF	9.1	-23.787.358	-23.787.358	0	• Recording the change in value related to the valuation reserves through other elements of the overall result
Total equity		-33.271.676	-33.271.676	0	
Non-current debts					
Deferred tax debts	13	8.092.334	8.092.334	0	
- related to financial assets	9.1	-4.028.695	-4.028.695	0	• Deferred tax recognition of securities held at fair value through other comprehensive income
- related to revaluation reserves	9.1	12.121.028	12.121.028	0	• Deferred tax recognition of securities held at fair value through other comprehensive income
Total non-current debts		8.092.334	8.092.334	0	
Actives		14.641.330	-25.179.343	39.820.673	
Passives		-25.179.343	-25.179.343	0	

23. SHARE RESULT

The share profit is calculated dividing the profit attributable to shareholders at the weighted average of the number of ordinary shares on the market during the period according to IAS 33 – “Share result”.

There are no instruments for net assets or share options which may dissolve the share profit.

Share result	- lei	
	Performed 31st of Dec.2019	Performed 31st of Dec2020
Net profit attributable to shareholders	14.071.379	456.191
Weighted average number of ordinary shares	496.149.456	496.149.456
Share profit	0,0286	0,0009
Gross dividend per share	0,0101	0,0000

24. INFORMATION REGARDING EMPLOYEES

Within the company, in the work reports which regard the syndical nature elements, the staff interests are represented by the employee representatives. The company has no obligations for the pension scheme, other than the ones provided by the law regarding the unitary system of

public pensions, with further modifications and additions. The personnel costs were adjusted based on the incomes from operating subsidies for the payment of the personnel, worth 6.309.152 lei.

Expenses with employee benefits (employees and members of management and governing bodies), recouped on gross salaries and social contributions were the following:

	- lei	
Non-adjusted elements	2019	2020
Expenses with salaries	32.470.912	26.607.359
Expenses with meal tickets given to employees	2.481.648	1.577.428
Expenses regarding social insurance and protection	804.369	556.889
Employee benefit expenses - total	35.756.929	28.741.676

(1) indemnities given to the management and governing council (director with mandate contract), financial and internal auditors:

- the sum of 1.598.809 lei, representing salaries of the members of the Management Board and manager of the company, who have a mandate contract with the company
- the sum of 29.750 lei as fees of the statutory auditor S.C Leocont Expert S.R.L
- the sum of 50.734 lei internal audit services offered by S.C. Associated Business Auditors S.R.L.

(2) The company has no contracted obligations regarding the pension payment by former members of the Board of Directors and Supervisors, and therefore no agreements of such nature are accounted.

(3) The company has not and does not give credits or advances (except salary advances and/or to cover delegation expenses) to members of the Board of Directors. The company has not accounted agreements of such nature in balance at the end of 2020.

25. MAIN ECONOMIC-FINANCIAL INDICATORS

The main economic-financial indicators:

No.	Calculation elements	Symbol	Formula	Calculation values in the analyzed period		Period	
				12 months 2019	12 months 2020	previous.	current
1.	Indicator of current liquidity	rL_g	$rL_g = Ac / Dc$	28.813.823 / 18.836.609	15.236.660 / 16.339.869	1,53	0,93
2.	Degree of indebtedness	$g\hat{I}$	$g\hat{I} = K_{impr} / K_{pr} \times 100$	0,00 221.033.381 x 100	2.688.135 / 195.098.528 x 100	0,00	1,37
3.	Degree of indebtedness on term	$g\hat{I}t$	$g\hat{I}t = K_{impr} / K_{ang} \times 100$	0,00 / 221.033.381 x 100	2.688.135 / 195.098.528 x 100	0,00	1,37
4.	Rotation speed of debits - clients	$V_{rotCr_{com}}$	$V_{rotCr_{com}} = Cr_{com} / CA \times Nz$	5.743.718 / 93.085.092 x 365	3.497.132 / 53.825.460 x 365	22	24
5	Rotation speed of fixed assets	V_{rotAi}	$V_{rotAi} = CA / Ai$	93.085.092 / 213.089.424	53.825.460 / 208.398.347	0,44	0,26
						<i>nr. de zile</i>	
						<i>nr. de ori</i>	

Bankruptcy risk through scoring method

ALTMAN FUNCTION

Rates involved in the determination of the „Z” score				weight percentage	Score acquired		
rate no.	formula of rates involved		Calculation values in the analyzed period			2019	2020
			2019	2020		2019	2020
r1	Current asset/ total asset	Ac / At	28.804.027 / 241.835.165	15.236.660 / 223.635.007	1,2	0,1419	0,0804
r2	Reinvested profit/ total asset	Pn _{reinv} / At	6.331.448 / 241.835.165	456.192 / 223.635.007	1,4	0,0367	0,0029
r3	Current result before taxation/ total asset	Pb / At	15.012.910 / 241.835.165	653.655 / 223.635.007	3,3	0,2049	0,0096
r4	Stock capitalization / Loans	K _{BVB} / D _{tml}	183.575.299 / 1.273.948	156.783.228 / 1.389.407	0,6	86,4597	67.7051
r5	Turnover/ Total asset	CA / At	93.085.092/ 241.835.165	53.825.460/ 223.635.007	0,99	0,3811	0,2383
Z = 1,2 r1 + 1,4 r2 + 3,3 r3 + 0,6 r4 + 0,99 r5						87,2242	68,03631
Z ≤ 1,5						-	-
1,51 ≤ Z ≤ 1,8						-	-
1,81 ≤ Z ≤ 2,70						-	-
2,71 ≤ Z ≤ 2,99						-	-
Z ≥ 3						68,0363	87,2242 68,0363

Formula of Altman function : $Z = 1,2 r1 + 1,4 r2 + 3,3 r3 + 0,6 r4 + 0,99 r5$

Used variables:

- r1 Circulating asset / total asset – rate structure of assets and measures the degree of flexibility of the business operator
r2 Reinvested profit / total asset – indicates the contribution of the of the business operator to finance investments
r3 Gross profit / total assets – quantifies the performance of the patrimonial assets
r4 The market value of the capital / long term obligations – quantifies a part of the degree of indebtedness
r5 turnover / total asset – expresses the assets' yield

Canon Holder Model

t is based on the following function:: $Z = 16*R1 + 22*R2 - 87*R3 - 10*R4 + 24*R5$

No.	Indicator	U.M.	Values		Symbol
			on 31.12.2019	on 31.12.2020	
1	Debts	lei	8.254.741	5.973.272	Cr
2	Cash on hand	lei	16.374.813	6.002.594	Db
3	Short term debts	lei	15.576.940	23.638.568	Dts
4	Permanent capital	lei	223.066.638	196.878.611	Kperm
5	Total liabilities	lei	241.835.165	223.635.007	Pt
6	Financial expenses	lei	99.942	907.895	Chf
7	Total incomes	lei	94.249.431	54.549.456	Vt
8	Expenses with the personnel	lei	35.756.929	22.432.524	Chp
9	Added value	lei	60.274.616	32.406.510	VA
10	Gross surplus of operation	lei	21.919.611	7.412.196	EBE

11	R1	-	1,5812	0,5066	(Cr + Db) / Dts
12	R2	-	0,9224	0,8804	Kperm / Pt
13	R3	-	0,0011	0,0166	Chf / Vt
14	R4	-	0,5932	0,6922	Chp / VA
15	R5	-	0,3637	0,2287	EBE / VA
16	$Z = 16 \cdot R1 + 22 \cdot R2 - 87 \cdot R3 - 10 \cdot R4 + 24 \cdot R5$	-	48,2944	24,5930	Z

The general liquidity exceeds the minimum safety level (recommended threshold 1.8-2.0), therefore assuring a high capacity for the payment of short-term outstanding obligations. For company creditors, this is the insurance for recovery of borrowed sums. The degree of indebtedness as report between the total debt and the total asset expresses how the company finances its assets by borrowed funds (credits). While the company turnover has decreased, the Company claims towards clients have registered in the current period an increased trend, which has caused a negative impact on the medium recovery period; it increases with approx. 2 days. The efficiency of the management of current assets through the value of the turnover is placed at the level of the previous year, registering a slight improvement. The "scoring" method has the objective of providing some predictive models for bankruptcy risk evaluation of the company. This method is based on statistical techniques of the discriminant analysis.

By applying the discriminant analysis through the Alman method, a "Z" score is acquired which represents a straight-line function of a set of rates. The flexibility degree of the Company is maintained at the level of the previous year. A decrease of the company contribution to the investment financing has been noticed in comparison with the previous year, following the allocation of dividends, whereas the patrimony performance is in a slight decreased trend. The market value of the share capital of the Company is at an increased trend and the medium and long-term indebtedness degree is constantly decreasing. Following the bankruptcy risk evaluation of the company through the Alman method, the solvability has been noticed to improve, it is high and without bankruptcy risk (non-existing).

26. TRANSACTIONS WITH RELATED PARTIES

The company is involved in a significant number of transactions with related companies (companies controlled by S.I.F. Transilvania S.A.).

The board revises the trading terms and the conditions of regular performance of transactions and sees that these transactions are made based on terms and conditions similar to the terms and conditions accepted by third parties. No additional information

Provisions have been made regarding the doubtful claims over the value of outstanding balances and regarding non-recoverable or doubtful claims owed by related parties worth 512.405 lei.

On 31.12.2020 the stocks in relation with the related parties were the following:

Related parties	- lei	
	Claims	Debts
S.C. Transilvania Travel&Hotels S.A.	2.390.853	0
S.C. Turism Lotus Felix S.A.	161.992	2.764
S.C. Internațional Trade&Logistic Center S.A.	0	0
TOTAL	2.552.845	2.764

The sales and purchases by related parties do not include taxes pertaining to transactions (VAT).

In 2020, the Company has made the following transactions with related entities:

Related parties	Purchases	- lei	
			Sales
S.C. Transilvania Travel&Hotels S.A.	0		4.262.851
S.C. Turism Lotus Felix S.A.	93.365		1.116.270
S.C. ARO Palace S.A.	1.256		0
S.C. International Trade&Logistic Center S.A	61.513		0
TOTAL	156.134		5.379.121

27. MANAGEMENT OF SIGNIFICANT RISKS

The specific of the activity performed determines the company exposure to a variety of risks of general nature, but also specific risks related to financial instruments owned as well as to financial markets it operates.

The risk is defined as the capacity to register unfavorable deviation in results in comparison with the expected level due to random fluctuations.

The significant risks represent the risks with high impact on the patrimony and/or reputation situation of the company.

The purpose of risk evaluation is to identify the level of significance and the effects of the risks assumed by the company in the investment activity.

In the activity performed, the company can encounter uncontrollable risks which are generally related to external factors such as macroeconomic conditions, law changes, changes related to the competitive environment etc. Usually, the company encounters controllable risks for which policies and active management procedures are adopted (analysis, monitoring and control). These risks are related to internal factors such as the nature of the activity performed, the complexity of the management structure, the quality of the staff etc.

According to IFRS 7 – “Financial instruments: recognition and evaluation”, art. 33-42, the financial instruments owed by S.C. Turism Felix S.A. are affected by many types of risks. The main significant risks, to which the company is exposed, besides risks related to prudential diversification of the portfolio, are: exchange rate risk, interest rate risk, credit risk, liquidity risk, operational risk

Exchange rate risk

The company is easily exposed to the fluctuations of the exchange rate, mainly in terms of cash in currency and claims in other currencies, as well as the claims and obligations in lei, but which are supported by contracts in relation with other currencies, usually in EURO and/or USD. The company has not used nor uses at the moment instruments derived in order to protect itself from the fluctuations of the exchange rate of the leu in relation with other currencies.

In the financial year 2020, the income acquired from the favorable exchange rate differences has been lower with 147.451 lei in comparison with the expenses with unfavorable exchange rate differences, mainly due to contracts concluded in foreign currency.

Interest rate risk

The operational cash flows of the company are affected by the variations of the interest rate, mainly in the line of credit contracted in terms of ROBOR.

Credit risks

The credit risk is represented by the risk of registering losses or the risk of not performing the estimated profits due to not meeting the financial obligations.

On 31st of December 2020, the company did not own security interests as security, improvements of credit ratings or outstanding financial assets.

Liquidity risks

Liquidity represents the capacity of the company to insure the necessary funds to meet all its direct and indirect payment obligations at a reasonable price at any moment.

The liquidity risk is the actual or potential risk to which profits and company stock may be submitted following its lack to meet the payment obligations at due date.

The analysis of assets and debt was made based on the period remaining from the date of the balance until the contractual due date for the financial year 2020, therefore:

Explanations	Grade	Accounting value	Under 3 months	Between 3 and 12 months	- lei	
					Higher than 1 year	Without preset maturity
Assets						
Cash and cash equivalents	8	7.545.145	4.917.499	2.627.646	0	0
Trade claims and other claims	6 - 7	6.219.239	4.841.584	514.606	863.049	0
Stocks	5	1.472.276	1.472.276	0	0	0
Other current assets	1 - 3	208.398.347	0	0	0	208.398.347
Total assets		223.635.007	11.231.359	3.142.252	863.049	208.398.347
Debts						
Provisions and long term loans	13	12.196.611	0	390.677	11.805.934	0
Trade claims and other claims	14 - 17	16.339.869	10.682.001	5.657.868		0
Total debt		28.536.480	10.682.001	6.048.545	11.805.934	0
Surplus liquidity in the period		195.098.527	549.358	-2.906.293	-10.942.885	
Accumulated surplus liquidity			549.358	-2.356.935	-13.299.820	-13.299.820

Market risk

The market risk is defined by the risk of fair value or future treasury flows of a financial instrument to fluctuate due to market price changes. It includes three types of risks: exchange rate risk, interest rate risk and other price risks.

The objective of managing the market risk is to manage and control the exposures to the market risk within acceptable parameters and in the same time to optimize the productivity of the investment.

Interest rate risk

Operational cash flows of the company are affected by the variations of the interest rate, mainly in the line of credit contracted in terms of ROBOR.

Sensibility analysis

Sensibility analysis shows the effect on the profit or loss and on the equities from the current period if a potential change in the variable of relevant risk would have been reasonably applied to the risk exposure on the date of the balance.

The sensibility is lower in 2020 than in 2019 due to the reduction of available from current accounts.

	- lei	
	2019	2020
depreciations in relation to currencies 31st of December		
- decrease with 0.5 p.p. pertaining to the credit acquired	0	-1.343
- decrease with 0.5 p.p. pertaining to the available	-6.369	-4.444
Impact in result on 31st of Dec.	-6.369	-5.787

The profit is more sensitive to decreases in interest rates than to its increase due to loans with variable interest rates.

Sensibility analysis

Sensibility analysis shows the effect on the profit or loss and on the equities from the current period if a potential change if the variable of relevant risk would have been reasonably applied to the risk exposure on the ate of the balance.

Sensibility analysis shows the effect on the profit or loss and on the equities from the current period if a potential change if the variable of relevant risk would have been reasonably applied to the risk exposure on the ate of the balance.

This analysis implies that all the other variables remain constant:

	- lei	
	2019	2020
depreciation in relation to currencies on 31st of Dec.		
- depreciation with 10 % in relation to €	-271.068	-277.178
- depreciation with 10 % in relation to \$	-15.437	-14.568
Impact in result on 31st of Dec.	-286.505	-291.746

An appreciation of the leu on the 31st of December in comparison to the other currencies would have brought the same effect, but oppositely, on the amounts presented above, taking in consideration that all variables remain constant.

Operational risk

The operational risk is defined as the risk of registering losses or not performing the estimated profits due to internal factors such as the inadequate course of different internal activities, the existence of a staff or inappropriate systems or due to external factors such as economic conditions, changes in the stock market, technological progress. The operational risk is inherent to all activities of the Company.

The defined polities for operational risk management have taken into account each type of event which may generate significant risks and their means of action, in order to eliminate or reduce the financial or reputation losses.

28. STOCK ADEQUACY

The policy of the board regarding the adequacy of the stock is concentrated on maintaining a solid stock basis for the purpose of supporting the constant development of the Company and of reaching the investment objectives.

The Company equities include the share capital, different types of reserves and the reported result. The equities were 221.033.381 lei on 31st of December 2019, respectively 195.098.528 lei on 31st of December 2020.

The company is not the object of legal claims for stock adequacy.

29. EVENTS AFTER BALANCE

The net profit made in 2020 is of 462.885,08 lei and the allocated legal reserve is of 6.693,46 lei.

Except the facts mentioned above, we have no knowledge regarding the events after the date of the balance which may lead to significant influences on the data presented in the individual financial statements for the financial year 2020.

30. THE PROPOSAL OF THE BOARD OF DIRECTORS REGARDING THE DISTRIBUTION OF THE NET PROFIT

The net profit made in 2020 is of 462.885,08 lei.

At the same time, the Board of Directors submits to the General Assembly of Shareholders the distribution of the company net profit acquired in 2020, as follows:

- | | |
|--|----------------|
| ➤ to the legal reserve according to art. 183 from Trading companies Law 31/1990, republished | 6.693,46 lei |
| ➤ Profit distributed to other own sources of financing | 456.191,62 lei |

The individual financial statements have been approved by the Board of Directors on 13th of March 2021.

**Managing director,
ec. Serac Florian**

**Chief accountant,
ec. Popa Marcel**



S.C. Turism Felix S.A. Băile Felix
417500, Băile Felix, com. Sânmartin, jud. Bihor, România
Nr. Reg. Com.: J05/132/1991
C.U.I.: RO 108526
Capital social subscris și vărsat: 49.614.945,60 lei



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STATEMENT

The undersigned SERAC FLORIAN as general manager of S.C. TURISM FELIX S.A. and POPA MARCEL as general accountant of S.C. TURISM FELIX S.A., declare the following:

- The individual financial statements related to 2020 have been concluded based on the provisions included in the Accounting Regulations according to the International Financial Reporting Standards („IFRS”) applied to trading companies whose real estate is approved in transactions performed on a regulated market, approved by the Order of the ministry of public finance no. 2.844/2016, with further modifications and additions.
- The annual accounting reports from 31st of December 2020 have been concluded according to those provided in point 1.1 from Addendum 3 to the Order of the ministry of public finance no. 58/2021 regarding the main aspects related to the elaboration and registration of the annual financial statements and of the annual accounting reports of the economic operators at the territorial units of the Ministry of Public Finance, as well as for the modification and addition of certain accounting regulations.
- The accounting policies used for the elaboration of the Individual Financial Statements are according to the applied accounting regulations;
- the Individual Financial Statements are according to the International Financial Reporting Standards („IFRS”), offer a precise display of the financial position, the financial performance and the other information related to the performed activity;
- The company performs its activity on a constant basis
- Until the date of the present statement, we have not been informed of any details, events, circumstances which may significantly alter the above statements.

Managing director,
ec. Serac Florian

Chief accountant,
ec. Popa Marcel



INDEPENDENT AUDITOR'S REPORT

TURISM FELIX S.A. – BĂILE FELIX

31 DECEMBER 2020

Leocont Expert S.R.L.

Member of the Chamber of
Financial Auditors of Romania (CAFR),
under no. 164

Financial Auditor – ***Leonica BOCHIȘ***,
Member of the Chamber of
Financial Auditors of Romania (CAFR)
under no. 706

Registration no. 22 / 25.03.2021

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors and Shareholders of TURISM FELIX S.A. – Băile Felix

Audit Report on the Annual Financial Statements

Unqualified Opinion

1. We audited the individual financial statements of the company TURISM FELIX S.A. (Company), with headquarters in Victoria Street, Băile Felix, Sânmartin commune, Bihor county, identified by the unique fiscal registration code RO 108526, which comprise the Statement of financial position as of 31 December 2020, the Statement of Profit or Loss and other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
2. The individual financial statements on 31 December 2020 are identified as follows:
 - Total equity: 195.098.528 lei
 - Net profit for the financial year: 462.885 lei
3. In our opinion, the accompanying individual financial statements provide a true and fair view of the Company's financial position as of 31 December 2020, as well as of the financial performance

and cash flows for the year then ended, in accordance with Order 2844/2016 by the Ministry of Public Finance for the approval of accounting regulations in line with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

Basis for our Opinion

4. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537/2014 of the European Parliament and of the Council (hereinafter "the Regulation") and Law no. 162/2017 (hereinafter "the Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent from the Company, according to the Ethics Code of Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements that are relevant for the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

5. Key audit issues are those issues that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues were addressed in the context of the audit of the financial statements as a whole and we do not provide a separate opinion on them.

The key issues taken into consideration were:

- a. Valuation of financial assets*

Risks: Management's assertions regarding the measurement of financial assets may present risks of material misstatement that may occur if the applicable accounting regulations for the measurement of financial assets in accordance with IFRS 7, IFRS 9 and IFRS 13, are not applied at the reporting

date.

Our response to these risks of material misstatement: Taking into account the economic situation following the approval of the financial statements for the year 2019, caused by the restrictions imposed by the authorities in order to combat the Covid-19 pandemic, the company's management requested the restatement of fair value on December 31, 2019 and December 31, 2020. The fair value was determined by a capital market appraiser, PricewaterhouseCoopers Management Consultants SRL, using the discounted cash flow method of the income approach and the method of comparing sales on the capital market under the market approach. The readjustment of the values for 2019, on December 31, 2020, was made in the conditions in which the company's activity regressed, but based on information that was not available on December 31, 2019, and which was lower than the initial forecasts.

Financial fixed assets have been treated in note 4 to the financial statements. The financial shares held by Turism Felix S.A. in the capital of other companies (Turism Lotus Felix S.A. and Transilvania Travel and Hotels S.A.) were 39.820.673 lei as of December 31, 2019. Following their revaluation, the fair value of these shares reached 11.528.606 lei on 31.12.2020, a decrease of approximately 71%, respectively -28.292.067 lei.

b. Valuation of operating revenue

Operating revenues decreased by about 42%, to 54.355.610 lei in the current financial year, from 93.465.489 lei at December 31, 2019.

Risks: A possible significant distortion of operating income presented in the Statement of Profit or Loss and other comprehensive income as a result of the distortion of turnover of income accounts.

Our response to these risks of material misstatement: We extended the audit procedures in order to establish whether the recorded revenue was justified by contracts, invoices and other documents, we applied an increased level of skepticism throughout the audit mission and we analyzed the Management's estimates concerning this position in the financial statements.

Audit findings: The 2020 financial year was an atypical one, the health crisis generated by the Covid-19 pandemic generated an economic crisis that profoundly affected tourism, the company recording at the level of operating income a decrease of 42% compared to 2019. Revenue is the entry gross of economic benefits generated within the normal course of business for the Company.

The revenue from accommodation services is recognized as the services are being provided. The largest portion of the total turnover was generated by the public food department (restaurants) – 36,67%, and the accommodation services accounted for 36,43% of the revenue. After conducting the supplementary audit procedures, we compared the occupancy rate and the average rates applied in 2019 and 2020, resulting that revenues are correctly recognized in the Statement of Profit or Loss and other comprehensive income, and the financial statements are not distorted.

c. Continuity of the activity

Risks: The Management is responsible for assessing the assumptions for the continuity of the Company's operations when preparing the annual Financial Statements.

Our response to these risks of material misstatement: In our audit work we sought to understand the risks of material misstatement that exist in connection with management assertions about business continuity and, although 2020 has shown us that there are risks that are very difficult to foresee, as the situation generated by the Covid-19 pandemic, we analyzed aspects of the Company's evolution, the revenue and expenditure budget approved for the financial year 2021, we examined the minutes and reports of the Board of Directors' Meetings and General Meetings of Shareholders, as well as contracts for the financial year 2021.

Our ascertainment: After careful analysis of these risks, we believe that the assumptions for the continuity of the Company's operations made by the Management when preparing the annual Financial Statements are appropriate. With the exception of the Covid-19 pandemic, in relation with which measures could be taken by national authorities as well as authorities from other states, the magnitude and ramifications of which we cannot assess, we have not identified any significant

uncertainty that could call into question the company's ability to continue its activity in the foreseeable future.

Other information - Administrators' report

6. The Administrators are responsible for compiling and presenting other information. This information is included in the Administrators' Report, but does not encompass the Financial Statements and the Auditor's Report thereon.

Our opinion on the financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

It is our responsibility to read the information presented in the Administrators' Report and, in this regard, to assess whether that information is materially inconsistent with the financial statements, whether it appears to be materially distorted or whether it contradicts the knowledge that we obtained during the audit mission.

As far as the Administrators' Report is concerned, we need to read it and report on whether it was been prepared in all material respects in accordance with Order 2844/2016 issued by the Ministry of Public Finance for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, Chapter III, points 15-19.

Based solely on the activities to be performed during the audit of the Financial Statements, in our opinion:

- a. The information presented in the Administrators' Report for the financial year for which the Financial Statements were prepared is consistent, in all material respects, with the financial statements;
- b. The Administrators' Report was drawn up, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards, Chapter III, points 15-

19.

In addition, we are required to report whether we identified significant misstatements in the Administrators' Report, based upon our knowledge and understanding of the Company and its environment, knowledge and understanding which we acquired during the audit of the financial statements for the year ended 31 December 2019. We have nothing to report on this issue.

Responsibilities of Management and those responsible for governance for the individual Financial Statements

7. The Management of the Company is responsible for the preparation and fair presentation of the separate Financial Statements in accordance with International Financial Reporting Standards and with the OMFP no. 2844/2016 of 12 December 2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards and for such internal control as the Management considers necessary to allow the preparation of Financial Statements free of material misstatement, whether caused by fraud or error.
8. When preparing the individual financial statements, the Management is responsible for assessing the Company's ability to continue its operation. This entails presenting, where appropriate, aspects referring to the business continuity and using accounting based on the business continuity, unless the Management either intends to liquidate the Company or to stop its operations, or has no other realistic alternative.
9. The people in charge of the governance are responsible for the surveillance of the Company's financial reporting process.

Auditor's responsibilities within an audit of Financial Statements

10. Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether caused by fraud or error, as well as issuing an Auditor's Report which includes our opinion. Reasonable assurance represents a high level of

assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users, when made on the basis of those financial statements.

11. As part of an audit in accordance with ISAs, we express a professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and evaluate the risks of material misstatement of Financial Statements, whether caused by fraud or error, we design and execute audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, deceit, deliberate omissions, false statements, and avoidance of internal control.
- We understand the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the suitability of the Company's accounting policies and the reasonableness of the accounting estimates and related disclosures made by the Management.
- We formulate a conclusion on the appropriateness of the Management's use of accounting based on the continuity of activity, and determine, based on the audit evidence we obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the company's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw attention to it in the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.
- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.

12. We communicate to those responsible with governance, among other things, the planned area and

timing of the audit, as well as the main findings of the audit, including any significant internal control deficiencies that we identify during the audit.

13. We also provide a statement to those responsible for governance that we complied with relevant ethical requirements in terms of independence and that we communicated all relationships and other matters which we reasonably assume that might affect our independence and, where appropriate, the corresponding protective measures.
14. Among the aspects communicated to those in charge of the governance, we determine which ones are the most important for the audit of Financial Statements of the current period and therefore which ones represent key audit aspects. We describe these aspects in the Auditor's Report, unless laws or regulations prohibit public disclosure of the aspect or of the case in which, in extremely rare circumstances, we believe that it should not be communicated in our report. as we are reasonably convinced that the negative consequences of such communication would overcome the benefits of the public interest.

Report on other legal and regulation provisions

15. We were appointed by the General Meeting of Shareholders on 07.12.2017 by the additional act no. 1 / 08.12.2017 to the contract for services no. 8 / 28.08.2014, to audit the financial statements of TURISM FELIX S.A. for the financial years 2017, 2018, 2019, and by the additional act no. 2 / 08.01.2021 to the same contract, our mandate was extended until March 31, 2021, for the audit of the financial year 2020. The total uninterrupted duration of our commitment is 7 years, covering the financial years ended on December 31, 2014 until December 31, 2020.

We hereby confirm that:

- Our audit opinion is in line with the additional report submitted to the Audit Committee of the Company, which we issued on the same date that we issued this report.
- In conducting our audit, we retained our independence from the audited entity.

- We did not provide any prohibited non-audit services for the Company, referred to in Art. 5 (1) of EU Regulation no. 537/2014.

On behalf of,

Leocont Expert S.R.L.
Member of the Chamber of
Financial Auditors of Romania (CAFR),
under no. 164

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit: Leocont Expert SRL
Registrul Public Electronic: FA 164

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **Bochiș Leonica**
Registrul Public Electronic: AF 706

Financial Auditor – **Leonica BOCHIȘ**



Member of the Chamber of
Financial Auditors of Romania (CAFR)
under no. 706

Oradea, March 25, 2021